The NATIONAL UNDERWRITER

Life Insurance Edition

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The National Weekly Newspaper of Life Insurance

58th Year, No. 18
April 30, 1954

Eldon Stevenson, Jr. to Helm of Life Insurers Conference

Succeeds Anthony at Fla. Annual; Set up Associate Membership

BOCA RATON, FLA.—Eldon Stevenson, Jr., president of National Life & Accident, was elected president of Life Insurers Conference at its annual meeting here. He succeeds James R. Anthony, Jr., vice-president and treasurer of Suwannee Life.

Harry G. Zelle, president of Missouri, becomes 1st vice-president; O. F. Stafford, president of Pilot Life, 2nd vice-president, and J. I. Cummings, executive vice-president Empire Life & Accident, secretary.

Eldon B. Stevenson, Jr.

An associate membership classification, without voting power, was set up for foreign companies through a constitutional amendment. Attendance of 305 was close to the all-time high set several years ago. The 1955 meeting will be held at Colorado Springs in May.

Executive committee members are: three years, L. L. Hoecker, Home State Life; R. H. Dobbs, Life of Georgia, and J. C. Greer, Union National of Louisiana; two years, John T. Acree, Jr., Lincoln Income Life; Dan C. Williams, Southland Life, and R. W. Wiltshire, Home Beneficial Life; one year, William S. Corey, Provident Indemnity Life; Guilford Dudley, Jr., Life & Casualty; Richard B. Evans, Colonial Life, and Mr. Anthony.

In his presidential address, Mr. Anthony made a number of recommendations for strengthening the conference. He suggested officers and executive committee members increase the number of personal visits at member company home offices in their respective cities; place more responsibility on the younger men; continue to hold executive committee meetings at various member home offices, and establish an index of life insurance functions at the central office cross-indexed to show in which specific functions each member company is engaged.

For a number of years, he said, "we have been seeking a method by which greater service could be rendered to the membership. We have given some thought to broadening the scope of the central office. We have considered the duplication of some of the functions of other trade associations. After careful examination, however, these seem to be impractical and not economical."

Primary effort in the past year was devoted to "strengthening" rather than "lengthening" conference membership, Martin B. Williams, executive director,

(CONTINUED ON PAGE 8)

John Hancock Splits Ordinary, Puts $7,500 Minimum on Preferred Whole Life

A basically new pattern of operation, comprised of new policy contracts and improved dividend potentials as well as changes in administrative procedures, has been formulated by John Hancock.

Major feature is subdivision of the present ordinary class of business into two new lines—select ordinary with a minimum base policy of $3,000, and ordinary, to be known as the multiple protection series, with a minimum base policy of $1,000 and a maximum of $2,999. Minimum amount for the preferred risk whole life policy, formerly $5,000, will be raised to $7,500.

The $5,000 minimum on preferred risks was proper in 1929 when it was introduced, President Paul F. Clark said, and a somewhat higher amount would seem appropriate now.

Changes in policy forms, on the multiple protection series with a new rate book, will be effective May 1. Administrative streamlining, with the transfer of certain underwriting and service functions to field offices, will be inaugurated by five agencies.

The dividend potential on both ordinary lines of business will compare favorably with other companies.

Regarding ordinary policies already in force, Mr. Clark said that equity among the various classes of policies, new and old, will be maintained through dividends. With the introduction of the new program, settlement dividends will be granted on certain ordinary policies issued on or after Sept. 1, 1947. An improvement in the annual dividend scale on certain ordinary policies issued prior to May 1, 1954, to become effective on their policy anniversaries in 1955, is anticipated.

Waiver of premium, accidental death and loss of sight or limbs benefits will be included as automatic features in all standard and Class 1 sub-standard policies of the multiple protection series. One premium rate payable throughout the premium paying period will cover basic and supplemental benefits. There will be two sub-standard classes designated as 1 and 2. Class 2 sub-standard policies will not contain supplemental benefits.

Other features in the multiple protection series include a reduction of the contestable and suicide clause from two years to one and attainment of the ultimate amount on juvenile insurance at age 6 months, rather than after the first policy anniversary.

To be included under standard rates on all ordinary policies are many workers formerly subject to special occupational ratings; the non-medical privilege has been extended to age 50, and underwriting of waiver of premium benefits for female lives on select ordinary at 1½ times rather than twice the rate for males has been implemented.

Reductions of one-third to one-half will be made in calculating waiver of premium rates for new select ordinary business. Applicant's waiver of premium benefits for juvenile insurance will be the same for all ordinary lines of business.

Extension of monthly debit ordinary limits, under the new program, is designed to fill in the narrow gap formerly served by the monthly premium industrial, which will be discontinued. Limits are $500 minimum and $2,999 maximum. Maximum monthly premium of $9.99 will continue. The same new simplified policy forms will be used as for the multiple protection series. Since the same policy of services in the field offices will be followed, the net cost position of this line of business will be improved.

It is John Hancock's plan to transfer many of its home office functions on policies of moderate amount to field offices, such as underwriting and

(CONTINUED ON PAGE 19)

Late News Bulletins . . .

A&H Industry Committee Charts Program

WASHINGTON—E. J. Faulkner, president of Woodmen Accident, was elected chairman of the new Inter-Association Committee of the A&H Business and J. F. Follmann, general manager Bureau of A&H Underwriters, was elected secretary, at a meeting here. The committee mapped out a long-range program to promote better health care and insurance coverage, including study of the possible need for a health reinsurance program supported by the insurance business, suggestions for handling the problem of the uninsurable, the indigent and the aged, the possibility of setting up minimum standards of insurance, and the educating of the public on the utilization of health coverages. The committee will work with the commissioners and other interested groups.

Suit Against Equitable Directors Postponed

NEW YORK—Trial in the Imberman case, involving a joint suit of a group of Equitable Society policyholders against the company's directors, was scheduled for this week but was adjourned to the fall term of the supreme court for New York county. Plaintiffs are attempting to show that certain actions of Thomas I. Parkinson, president and later chairman, now retired, were detrimental to the company and that the directors, being responsible for his acts, should recompense the company for whatever loss resulted.

(*Additional Late News on Page 20.*)

Urge Early NAIC Action on Guides for Credit Covers

Leave Details to the States, Subcommittee Is Told at Chicago

A plea for establishment of a set of guiding principles for the regulation of credit life and A&H "at the earliest possible date" was made at a meeting of the NAIC subcommittee on that subject this week in Chicago. Several statements presented stressed that the principles drawn up should not conflict with present state regulations on the subject.

Commissioner Sullivan of Kansas presided, and along with a large turnout of commissioners and staff people there was a heavy industry representation.

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The subcommittee also considered the question of reserves for credit life and A&H, and industry feeling was the subject now is adequately covered by state statutes and it is, therefore, not necessary for NAIC to draw up regulations.

Speaking for Consumer Credit Insurance Assn., Arthur Cade, executive vice-president of Old Republic Credit Life, contended that the original NAIC objective to draft regulations directed at existing abuses in the credit field has become obscured, thereby making it difficult to formulate an acceptable regulation. Since NAIC took up the problem, credit insurance regulations have been issued in several states, with a noticeable lack of uniformity. "It is unfortunate that guiding principles were not etablished in time to avoid this regrettable development," he said.

Citing examples of abuses, which he termed greatly exaggerated, in the credit insurance field, Mr. Cade offered suggestions to bring about their elimination.

To combat excessive amounts of insurance, it was suggested the total amount of credit life, or the total of the monthly credit A&H indemnities, be limited to the approximate amount of the initial indebtedness, and the term of the coverage should not exceed the term of the indebtedness.

To prevent pyramiding of insurance, it was recommended the insured be allowed to cancel his coverage if the indebtedness is discharged through prepayment, renewal or refinancing. If discharged through renewal or refinancing, within 90 days of the original contract date cancellation should be made mandatory before new insurance could be written.

A description of the coverage and rates should be furnished the debtor immediately, or within 30 days of the date the indebtedness is incurred in which case there should be indicated in the loan contract the type of coverage provided.

Where insurance is required as col-

(CONTINUED ON PAGE 19)

Time to Tap Sales Skills of Other Industries: Pille

Tells Eastern Round Table of LAA That Ad Men Are In Key Spot to Aid Process

NEW YORK—Members of Life Insurance Advertisers Assn. are in the preferred position to know what advances are being made in the techniques of selling in other sales fields and communicate them to the life insurance business, Richard E. Pille, vice-president of Mutual Benefit Life and president of LIAMA, told the luncheon session of the LAA Eastern Round Table meeting here.


Richard E. Pille

Management would welcome this, he said, and "it could be one of the great contributions in the years ahead."

Without benefit of tax dollars to spend, with the bulk of the business limited by statutory limitations on distribution costs, and without any great difference in product from one company to another, life insurance has had to concentrate on sales skill.

"We could benefit by studying the principles and techniques of merchandising used by other businesses," he said. "Our business is now moving into a changed situation. We have not gotten as far away from hard selling as most businesses, but nevertheless, we are not selling as hard as we used to or as hard as we know how.

"Under such circumstances a look at the methods and principles of other businesses might be of tremendous assistance to us."

Mr. Pille referred to LAA men as essentially salesmen. He said that the life advertiser must sell the agent on the product, on the company, on the agent's importance, on the use of services and materials which the advertiser supplies to the field, and on better selling methods. As a salesman, the advertiser must also sell the buyer and the potential buyer on the product, the company and the agent. Another area in which the advertiser sells is that of persuading potential agents to take up a career with a company.

Jack R. Morris, Business Men's Assurance. LAA president, spoke briefly.

The meeting was opened by L. Russell Blanchard, Paul Revere Life, chairman. There followed a session run by Lewis B. Hendershot, Berkshire Life. "Hot ideas" were exchanged at this session for more than an hour. The ideas ranged through advertising, sales promotion, public relations and publications areas.

The meeting then broke up into round tables, with the following moderators: advertising, Margaret Divver, John Hancock; sales promotion (creative) Harvey Kesmodel, Jr., Sun Life of Maryland; sales promotion (selling) Charles R. Corcoran, Equitable Society; public relations, A. H. Thiemann, New York Life; direct mail, R. J. Walker, Mutual of New York; publications, W. E. Reimer, Jr., Provident Mutual.

New Time Saver for A&H Insurance Is Off the Press

Policies of 100 companies are in the new 1954 *Time Saver* for accident and health insurance, which has just been published. This thirty-first edition contains contracts of more companies than ever before. The book is compiled annually by the Accident and Health Bulletins of The National Underwriter Company. It is packed with 960 pages of information, but is less than one inch thick and is of convenient small page size to fit the hand. The single-copy price is $6.50.

The book completely describes the coverages of individual commercial and non-cancellable policies and riders, with premiums for all ages. These contracts include loss-of-time, hospital expense, major medical, polio, specified disease, accident, and limited forms. It also contains analyses of disability clauses in life policies of leading companies, and the latest financial statement information of 475 companies which includes separate listings of non-cancellable and group premiums and losses.

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Many new contracts and changes in premiums and policies necessitated a general revision of the book. Policy information of about 78% of the companies represented was changed or augmented since last year's edition was published. Notable, for example, are changes in non-cancellable premiums, and the number of new policies issued to conform with the Uniform Policy Provisions of 1950.

Obvious immediately are the ways in which the book has been made easy to use, beginning with the two indexes and an explanation of how to get the most from the book. An index of policies has convenient cross-references as to kinds of coverages, such as major medical, lifetime sickness, over-age, non-cancellable hospital expense, and others. The user's need for supplementary underwriting and premium data are also anticipated. Wherever possible, premiums are presented so they can be computed for any amount of coverage and any age for which a policy may be issued.

Equitable Adopts New Group Life Maximums

Equitable Society has announced a revised scale of group life maximum amounts, applicable to new groups. The new maximums are $6,000 per life up to $250,000 in force, $7,500 up to $500,000, $10,000 up to $1 million, $12,500 up to $1½ million, $15,000 up to $3 million, $17,500 up to $5 million, $20,000 up to $10 million, $25,000 up to $20 million, $30,000 up to $30 million and $40,000 for more than $30 million.

Maximum amounts are subject to legal limits in certain states. Where changes in existing group plans appear desirable the company has asked its agents to obtain home office approval before suggesting increased maximums to clients.

Dues References Garbled

References in a news article and the editorial in last week's issue to the 1953 dues increase of National Assn. of Life Underwriters were garbled. The mix-up occurred in the process of attempting to change the original versions so as to refer to the $2-a-year increase of 1953 instead of the dollar-a-year increase of 1948.

O. P. Schnabel Joins Race for NALU Trusteeship

O. P. Schnabel, south Texas manager for Jefferson Standard at San Antonio, has been endorsed by the life underwriters association there for trustee of NALU. Past president of both the San Antonio and Texas associations, Mr. Schnabel is on various NALU committees. During his presidency, both associations attained their highest membership to that time.


O. P. Schnabel

Currently president of the San Antonio Life Managers Club, he hopes to strengthen Texas insurance laws about which there has been considerable discussion. He has been in insurance for 35 years and has been a consistent NQA winner and a member of his company's $500,000 and Julian Price clubs. He also is active in civic affairs.

Carter, Massad Merge in Okla.; Weeks Named in N. H. for Conn. Mutual

Robert H. Carter, Connecticut Mutual Life general agent at Oklahoma City, has taken into partnership Michael P. Massad, assistant general agent. Connecticut Mutual has also appointed Sumner C. Weeks as general agent at Manchester, N. H., with headquarters at 405 Bell building, 922 Elm street.

Mr. Carter has been at Oklahoma City since 1919, and in 1925 was named general agent. He was the organizer and first president of Oklahoma City General Agents & Managers Club and he is a past president of the local life underwriters association.

Mr. Massad has been assistant general agent since 1951, having joined the agency in 1947. A navy veteran, he is a past national director of the junior chamber of commerce.

Mr. Weeks joined the company in 1946 after air force service. He has been supervisor at Boston.

Acacia Mutual Promotes A. M. Aiton, John Woodin

Acacia Mutual Life has promoted Alfred M. Aiton to manager at Oakland and John Woodin to associate manager at Milwaukee. Mr. Aiton succeeds the late Sam Bowman.

Mr. Aiton, who joined Acacia in 1948 at Oakland after having been in research and coordination for Safeway Stores, became assistant manager later that year and associate manager in 1952. Mr. Woodin joined Acacia in 1950 at Milwaukee.

Mutual Decentralizes Five Chicago Agencies

Three of Mutual of New York's five Chicago agencies, all of which have been in the First National Bank building, will change locations, in line with the company's efforts to bring on-the-spot service to policyholders in that area. The Persons and Bash agencies will remain in the building, as will Regional Vice-president Edward E. Waller. The Loder agency will move to 39 South LaSalle street building, the Tye agency to 208 South LaSalle street building, and the Wallace agency to 164 Marion street, Oak Park.

N.Y. Employers Ask Insurers to Repay Reserves on DBL

NEW YORK—A number of employers and employer groups have sued 18 insurers that write the compulsory disability benefits coverage in this state, asking that approximately $22 million in reserves collected to meet possible assessment for maintenance of the special fund from which claims by sick unemployed are paid, be returned to such insured. Among employers bringing the suit are the New York Hotel Trades Council, the Trustees of the Hotel Assn. of New York City, Nedick's, and groups of employers in the clothing, live poultry and printing fields.

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Insurer defendants are Prudential, Metropolitan, Equitable Society and Travelers, which are asked to repay $2 million each, less $160,000 which each has paid in the only assessment that has been made for the special fund; Aetna Life, John Hancock, and Hartford Accident, which were asked for $1½ million each less $120,000 assessment; Lumbermen's Mutual Casualty, Zurich, Home Life, and Connecticut General Life, $1 million less $80,000 assessment; Employers of Wausau, Security Mutual Liability, Fireman's Fund Indemnity, Insurance Co. of North America, Merchants Mutual Casualty, State Mutual Life, and Union Labor Life, $500,000 less an assessment of $40,000.

Under the New York DBL law benefits for disabilities commencing between the fifth and 26th week following termination of employment are payable out of a special fund. The fund originally was set up by an assessment on employers and employes and subsequently the chairman of the workmen's compensation board, who administers the fund, levied an assessment to increase the fund to more than $10 million. The ceiling is $12 million. The WC board determines about April 1 each year if the fund needs to be replenished.

Covered employers that insure pay their assessment through insurers. They pay the regular premiums for coverage plus an extra loading for replenishing the fund, in case the WC board levies an assessment for that purpose. The insurers named, the suit charges, have reserves equal to $22 million for possible future assessments. These reserves were collected and set up, according to the suit, in 1950-52 inclusive.

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The suit was filed by the Drechsler & Leff law firm of New York for the plaintiffs named and all other owners and holders of group insurance policies of DBL similarly situated. It is thus a class action.

In general the suit charges that the method of accumulating the reserves by insurers is discriminatory, illegal and void. It charges that plaintiffs have asked the companies to repay the so-called reserves and that insurers have failed and refused to account for such reserves. The companies therefore have been unjustly enriched by this amount and are illegally withholding it from plaintiffs, the latter contend.

The suit says the $22 million was collected by these insurers through

(CONTINUED ON PAGE 20)

25-Page Memorandum Gives Specific Data on Where NALU Should Locate

NEW YORK—National Assn. of Life Underwriters has this week sent to presidents of all local and state associations copies of a comprehensive memorandum from the location committee on the relocation of NALU headquarters. Running 25 single-spaced typewritten pages, it is far more detailed than the report submitted by the location committee just prior to last month's midyear meeting and included with the letter by President Robert C. Gilmore, Jr., asking member associations to vote on their preferences for a headquarters city. Copies of the latest memorandum were also sent to national committeemen, secretaries and all members of the national council.

The new memorandum is essentially the same as the one the location comittee furnished the board last April. Changes primarily are to bring it up to date with data acquired since then.

The memorandum points out that for more than a year the board of trustees has been trying to solve the important question of headquarters location in the best interests of NALU and to the satisfaction of the membership at large and that on two occasions a year apart the board has made a decision on location and on each occasion the council has requested reconsideration.

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Concerning the memorandum, the committee states, "We feel certain that after you have read it carefully, you will be convinced that no one has 'operated in the dark', that the greatest of care has been taken to arrive at facts that are sound in every detail and that no decisions have been made hurriedly. You will also note that expert advice as to space needs and costs of construction, etc., has been obtained and fortunately up to this point without expense to NALU or the building fund."

On the matter of objectivity of viewpoint, the memorandum states: "We advise that you consider the entire question of *location* with complete objectivity, and without regard for personal preference or convenience. While this sounds unpleasantly heartless, we think it is the only sound, logical and proper approach to the assignment. In the words of one of the members of the location committee, 'We are undertaking to make a decision in the best interest of our association in its entirety and for all time to come. For this purpose we must ruthlessly disregard personal convenience or preference, however much we may dislike doing so as individuals.' "

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Discussing location as distinct from site, the memorandum has this to say: "We strongly recommend that in your deliberation you content yourself with making a decision as to *location* as distinct from site or structure. Once a *location* is chosen, site becomes a matter of routine procedure, for a desirable site within our means can be found in any metropolitan area such as New York, Washington, D. C., or Chicago.

"The location committee has spent many hours in consultation, it has interviewed innumerable representatives of cities seeking the headquarters location, and it has read reams of chamber of commerce material and material furnished by associations. After careful consideration as to the best interests of NALU for many years to come, we have narrowed the choice of cities to three. In our last report to the board of trustees we recommended as our first choice Washington, D. C., our second choice, New York, and our third choice Chicago. In the case of New York and Chicago this means either the metropolitan area or the suburban area immediately adjacent thereto. In the case of Washington, D. C., it means the city proper.

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"Before we venture any further, may we again remind you of the financial picture as it now stands. We have received gifts from about 11,000 members which total $286,000. Of this, $271,000 is in cash or government securities held in trust, the balance in pledges of our members who are paying on an installment basis.

"The funds presently in trust or funds received in the future may be used for no purpose other than the purchase of land, erection of a building and the furnishing of that building for NALU headquarters. If a building already constructed were found which was acceptable, it could be purchased under the terms of the trust.

"In addition to funds presently in hand, we have been told by hundreds of our members that they will gladly subscribe as soon as the matter of location is settled, site purchased, and costs firmly established.

"For this reason, as well as many others, it is imperative that we waste no more time than is absolutely essential to properly carry this project to a happy conclusion. We trust you will give us your prompt help."

The memorandum lists these items of background information for the guidance of the membership:

"1. *Our present lease*: Our present lease is for just under 6,000 square feet of space, of which NALU occupies a little more than 4,300 and LUTC a little more than 1,600. NALU's present rental is $17,280 annually and LUTC's is $6,500, or exactly $4 a foot. We pay our light and power in addition, which comes to approximately $1,000 a year, the net result being that NALU and LUTC together pay about $25,000 annual rent, or about $4.20 per foot, of which NALU's share is approximately $18,000 annually.

"As compared to our present 6,000 feet of space, we need approximately 50% more for *minimum* efficiency, about 75% more for comfortable operating conditions, and about 100% more to produce 'ideal' conditions."

The memorandum makes it clear that these are not estimates by the committee or by NALU, but by NALU's management consultant. He was the late Harold Penicke, nationally known expert who assisted many life companies in laying out their home offices. He made a complete study of NALU-LUTC requirements. The "ideal" arrangement, calling for 12,000 feet for NALU and LUTC, would provide space for an employes' lounge, a board room, a smaller conference room in addition, offices for proposed personnel (actuary, field secretary) as well as present personnel, and a margin of 10% for growth, the memo points out.

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"Our present lease expires April 30, 1956," it continues. "We do not know whether we can terminate the lease sooner than that date, either by payment of a penalty or under any circumstances. Please note this fact carefully: We have studiously refrained from making any inquiry of the management of our building, fearing that any approach at this time would produce no conclusive information and might well prejudice our case. The opinion of competent real estate men is that the present market for midtown space in New York is such that probably it would not be difficult either for us to sublease the space or for the management of the building to find new tenants in fairly short order who would take over our space on terms which would make it advantageous for the management to release us. However, New York real estate men also warn us that...we may very well have to choose between paying a substantial penalty or finishing out our lease.

"2. *Attitude of present personnel*: We have surveyed the attitude of the 10 persons in NALU and LUTC who comprise our 'administrative staff' on the question of moving to another city. For this purpose, all hands agree that a move to suburban New York (which some would applaud and some would regret) is not to be construed as a move. 'Moving' as used here refers to moving to another city.

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"The somewhat surprising result of this survey indicates that whether we move or whether we stay, about an equal number of the members of the administrative group will be pleased or disappointed, as the case may be.

"Two of our staff affirmatively prefer to move away from the New York area, although this is not to be construed as meaning that they would be unhappy if we should stay in suburban New York. The Messrs. Hoffman and Jones would move with NALU wherever it goes; Mr. Jones prefers to stay in the New York area; Mr. Hoffman's judgment is that for business reasons NALU belongs in the New York area, although as a matter of personal preference he would rather live somewhere in the middle west.

(CONTINUED ON PAGE 15)

SELECTION MEN HEAR JOHNSON

Says Life Companies Need Relief from Absolute Liability on Losses Due to War

NEW YORK—The problem of possible inability to fulfill life insurance contracts because of heavy loss of life due to enemy bombing was emphasized by John C. Archibald, underwriting vice-president of Bankers Life of Iowa, in his presidential address at the annual meeting of Home Office Life Underwriters Assn. in New York City.

"Have we, as underwriters, impressed upon the management of our companies that losses from atomic attack might be such that we could not fulfill our contracts?" he asked. "Would this mean that the government would have to step in or even take over the life insurance business?

"While other insurance lines exclude losses due to war, do we have a middle ground that would enable us to offer some protection by including a provision to pay on a pro-rata basis among claimants in the same class if the company were unable to pay in full because of war losses? Let me leave this topic with the question, 'Have we taken proper account of these changed conditions?'"

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Mr. Archibald said that if a full-scale war should break out again, a member of the armed forces may be safer than civilians in the large cities.

"Some time ago," he said, "our company felt that we should design a simple war clause which limited our liability to return of premiums if death were as a result of war. This clause was sent to the various states for approval.

"It was not our intention to use it but to see if such a clause would be approved so that it would be available for use if an emergency developed. While this clause was approved in many states, several disapproved it, stating it was in violation of the statutes of that particular state. Thus, a restriction that appears in practically all other lines of insurance we purchase is not permitted in life insurance. The industry could not hope to have these laws changed overnight."

Mr. Archibald expressed doubt as to how effectively the problem of anti-selection by big buyers of insurance has been solved.

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The last difficult times so far as mortality experience is concerned, he said, were the early 1930s. "We now have, by and large, a new generation of men in charge of underwriting," he said, "most of whom know of the difficulties in the early 1930s by hearsay only.

"Since that time, we have more knowledge about medical impairments and other underwriting factors than was available to the underwriters of that day. X-rays and electrocardiograms have undoubtedly been of great advantage. However, has the basic problem of the individual who wishes to select against the company by purchasing large amounts of insurance been whipped? I often wonder how much advance we have made against this selection and whether or not it is covered up in the favorable economical factors which have existed. Only the future will tell us, but it is something to reflect upon.

"It seems to me that our situation might be compared to that of floating down a stream. At the present time the water is smooth, no rocks appear on the horizon, but is the stream perhaps flowing a little too rapidly not to conclude that there may be some rough water ahead?

"We must keep our top management people, and more particularly our agency executives, well informed about new developments and trends in underwriting practice and how each particular situation falls into the over-all pattern of our own particular company. No one should oppose change, but each change should be justified within the established pattern for each company."

Mr. Archibald said there are certain impairments on which most people would agree the mortality is not as great a hazard as it has been in years gone by. This is particularly true, for example, by the introduction of new antibiotics greatly reducing the loss of life from infectious diseases. In other areas there undoubtedly will be much difference of opinion as to whether or not liberalization should be made. An example might be that of overweight, he said.

"Have we much reason for feeling that the mortality from this particular impairment is better than it used to be?" he asked. "As we hear of these changes, I wonder if we keep our agency executives as well advised as we should. Certainly, we all know it is much easier to discuss changes of this kind in abstract than when we have a particular case before us from one of the company's leading producers.

"Do we keep selling our sales force on our underwriting philosophy? We have had a long period of favorable economic activity. Mortality each year seems to improve gradually. Under such conditions it is only natural that more and more liberalizations will be made, and for the most part they are probably well justified."

Contact Between School and Agent is Rewarding

An agent produces more business after attendance at a company school if the home office follows a deliberate program to keep in contact with him, says LIAMA in the first of a series of "action research" reports, conducted in cooperation with Mutual Life, which provided a home office follow-up program to graduates of four of its four-day regional schools. Results were compared with four other Mutual schools for which no home office follow-up was provided.

Joseph Weitz, research associate who directed the study, said this project grew out of LIAMA's 1952 Purdue study in which it was found that the graduates of campus training survived and produced better than a matched control group that had no campus training. Results of the Purdue study suggested that this might have been due in part to the close supervisory follow-up exercised by the staff of the marketing school while students were in the field.

In the study on home office contact, geographical differences were eliminated by using the western and southern schools as the experimental groups for one class and the eastern and midwestern schools for the other class. At the end of the four-day school, agents in the experimental groups were sent weekly bulletins listing production and activity data for all members of their class, pitting the two experimental groups against each other to see which showed better performance in follow-up period. In addition, every two months each member of these schools received a personal letter from the home office, commenting on his performance to date. None of these procedures were undertaken with the "control group."

The report disclosed that 54.9% of the agents in the experimental groups showed a production increase during the post school period as against only 37.7% of the agents in the "control group".

Elect Humber at S. F., Favor Washington for NALU Headquarters

Herbert W. Humber, associate general agent of Mutual Benefit, was elected president of San Francisco Life Underwriters Assn. at the annual meeting.

George H. Paldi, Guardian Life, was elected vice-president for personal producers, and Jules L. Routbort, Penn Mutual, secretary-treasurer. New directors are David A. Bardes, Equitable Society; Samuel Farber, Prudential, and Carl D. H. Prussing, Connecticut General. Vice-presidents are still to be named by the CLU leading producers, general agents and managers and women's sections.

J. V. Breisky, manager of Connecticut General, was presented with a certificate for having the only 100% membership agency in the association.

After a review of proposed locations for NALU headquarters, members overwhelmingly voted in favor of Washington, D. C., with Chicago getting about 10 votes and New York, nine. Adding significance to this vote, was the fact that this was the first capacity attendance of the membership in the past several years.

Fidelity Mutual Has New Special Policy

Fidelity Mutual Life has brought out a special policy with a $15,000 minimum amount for ages one to 65, except in New York, where age limits are 10 to 65. Premiums cease at age 90. It is available on both standard and substandard lives.

Disability and accidental death coverage and term riders may be issued with the new policy at the regular ages for those benefits. Premium rates and dividends reflect the relatively high minimum amount requirement. Cash values equal the full reserve by the end of the 10th policy year.

Equitable A&O Plan Covers 108,000

Equitable Society's investment in private dwelling mortgages in the U. S. rose to $673 million by the end of 1953, and more than 108,000 families are now protected against the loss of their homes by assured home ownership loans. Under the plan, the mortgage is cancelled in the event of the home owner's death, and an amount equal to all principal payments is returned to the family.

Best March for Provident Mutual

Provident Mutual had its best March on record this year, with paid-for business of $14,856,693.

ALC-LIA Suggest Many Revisions in Pending Tax Bill

Statement Outlines Exact Legislation to Implement Suggestions Put Forth

WASHINGTON—Recommendations for a number of changes in sections of the pending tax bill that affect life insurance policyholders, beneficiaries and annuitants have been presented to the Senate finance committee by American Life Convention and the Life Insurance Assn. of America.

Before being presented to the Senate committee, the improvements were first discussed with the staffs of the Treasury and the joint congressional committee on internal revenue taxation. Specifying the exact legislative changes needed to bring about the improvements the associations urge, the statement ranges in scope from suggested elimination of restrictions disqualifying life insurance contracts as assets for pension and profit-sharing trusts, to opposition to the provision which for the first time subjects the interest part of death benefit installment payments to income taxes.

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Ten recommendations applied to the sections of the bill affecting taxation of pension and profit-sharing plans which the life organizations assert should be altered. Five of the suggestions concern life insurance, and in some instances annuities and endowments as well; four recommendations affect annuities only and three applied to income taxation of the companies. Others deal with such diversified matters as qualification of A&H plans and the employe status of life insurance salesmen.

The bill contains the new method of taxing annuities recommended by the life insurance companies and several of the suggested changes would improve the new provisions still further. One suggestion would clarify the estate tax laws applying to life insurance. This is the provision from which the premium payment test is eliminated. Another relates to the treatment of life insurance under the gift tax.

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The ALC and LIAA had earlier filed a protest with the Senate finance committee dealing with discrimination against stock insurance company shareholders in the proposed relief for corporate earnings and dividends from double taxation. Deletion of the sections of the bill discriminating against company and individual shareholders of life insurance stocks is urged.

Commenting on the present provision in the pending bill which by omission disqualifies for favorable tax treatment pension and profit-sharing trusts with life insurance contracts among their assets, the statement points out that life insurance and endowment contracts are desirable as assets for employer trusts and says there is no sound reason for disqualifying such contracts.

Another section of the tax revision bill disqualifies a pension plan for tax purposes as discriminatory if more

(CONTINUED ON PAGE 14)

LIAMA Harnesses Five Point Selection Test for Combination Men for July Debut

HOT SPRINGS, VA.—Based on the applicant's mental alertness, mathematical ability, vocational interest, personality, and personal history, a new selection test for agents, assistant managers and managers of combination companies is scheduled for release by LIAMA in July, Leonard W. Ferguson, LIAMA research associate, announced at the LIAMA combination companies meeting here last week.

Mr. Ferguson emphasized that the new test, known as the *Combination Inventory*, is experimental at this stage and cannot yet be bracketed with the respected *Aptitude Index*, LIAMA's selection test for ordinary agents, which was revised recently for the fourth time since its original issue in 1938. However, he said, there is good reason to believe that after the initial validating period, the *Combination Inventory* will become an authoritative index of selection for combination men.

While all applicants will take the same test, Mr. Ferguson explained that the scoring system will differ depending upon whether a man is being considered for the position of agent, assistant manager, or manager. He noted that the test includes adaptations of material developed by LIAMA and Psychologist Edward K. Strong, in addition to original research by LIAMA.

More than 40 of LIAMA's 32 combination companies are expected to put the test into action as soon as it is released, he said, and the combination companies committee wants to make the test available to member companies willing and able to supply data useful in determining its actual value.

Mr. Ferguson pointed out that data gathered from participating companies will be valuable in improving the new test and will also enable LIAMA to study the effects of additional factors, other than tests, upon the success or failure of agents, assistant managers, and managers.

Among these additional factors, he listed debit size, quality of management, and certain economic and social conditions.

Companies will be able to supply data under eight headings: name of agent, date of appointment, weeks worked, total earnings, collection commission, ordinary commission, per cent of gross arrears, information concerning promotion, demotion, transfer and termination. Mr. Ferguson said that cooperating companies have agreed to furnish data once a year for all, or most, agents in the company. He said this was an easier procedure for most companies than to go through the tedious task of picking up the information only for those tested.

Mr. Ferguson said the last two parts of the test will be considered experimental at the outset, but that each applicant will take all five parts, and continuing efforts will be made to prove the sections on personality and personal history.

Sections to be scored and given weight immediately are the mental alertness test, designed to predict success or failure in training, the arithmetic test, designed to predict success or failure in debit accounting, and, if a company desires, the interest test, designed to show correspondence, or lack thereof, between the interests of the applicant and persons already known to be successful life insurance men, he said.

Telling how LIAMA will measure the success or failure of agents or managers, Mr. Ferguson said the deciding factors for the agent will be his earnings and condition of account, and for the assistant managers and managers, the earnings and condition of account of all agents on a staff or in a district.

"We also propose to determine success and failure by considering termination or survival; for the assistant manager, in addition to his own termination or survival, that of agents on his staff, and for the manager, besides his own termination or survival, that of agents in his district.

"When the foregoing classification has been determined," he said, "we will assess the value of the various parts of the *Combination Inventory* in terms of their power to differentiate between successful and unsuccessful combination men. To do this we will ascertain for each of the hundreds of items in the test the extent to which unsuccessful agents, assistant managers and managers respond differently than their unsuccessful counterparts.

"We will discard as useless items that show no difference between those classed as successes and those classed as failures. We will assign appropriate scoring weights to the remainder, thus determining the scores for contrasting groups of successful and unsuccessful men."

260 at New Orleans for Joint Parley of Equitable Life Clubs

More than 260 agents and general agents of Equitable Life of Iowa met in New Orleans this week for a joint

R. E. Fuller

F. W. Hubbell

conference of the company's Agency, President's and Organization Clubs, with Ray E. Fuller, agency vice-president, as chairman of activities. F. W. Hubbell, president, addressed the opening session.

W. D. MacKinnon, actuary, distributed additional renewal awards in recognition of high conservation ratios, presenting honor scrolls to general agents and agents whose 1953 records qualified them to be officers of the three clubs, as follows:

President's Club, F. S. DeBernardi, Oklahoma City, president; R. H. Sheldon, Los Angeles, vice-president, and G. R. Baker, San Francisco, secretary; Agency Club, J. C. Deibler, Harrisburg, president; E. C. Elling, Mason City, vice-president; E. E. Smith, Wichita, secretary, and Organization Club, F. A. Smart, Detroit, president; F. L. McCormick, Des Moines, vice-president.

Edwin A. Holland, Sioux Falls, S. D., received the top agent recognition and Mr. McCormick received highest recognition among general agents.

Agents addressing joint meetings of the clubs included W. F. Alexander, Nashville; W. G. Miller, Jr., Pittsburgh; M. E. Wright, Detroit, and J. E. Curley, San Francisco. A panel discussion was moderated by J. E. Rice, assistant superintendent of agencies. R. R. Paul, Waterloo, T. R. Clemens, Chicago, and M. G. VanSchelven, Grand Rapids, participated. Another panel was directed by S. A. Swisher, assistant superintendent of agencies. V. E. Smith, Eau Claire, E. H. Soper, Davenport, and J. M. Utter, Seattle, participated.

Speakers at the joint meetings included E. E. Cooper, assistant agency vice-president, and J. H. Windsor, financial vice-president.

A meeting of the President's Club was under the direction of C. O. DuBois, assistant superintendent of agencies, with talks by R. J. Schmidt, Harrisburg, and Mr. DeBernardi. A panel was moderated by Mr. DuBois, with six agent participants who paid for more than one million dollars of business in 1953. They were E. F. Fendt, Chicago; R. H. Sheldon, Los Angeles; C. P. Spahn, Chicago; T. R. Hawkins, Detroit; C. J. Amstutz, Youngstown, and W. F. Alexander, Nashville.

F. L. McCormick

E. A. Holland

Members of the Organization Club met under chairmanship of J. R. Ward, superintendent of agencies. H. O. Nelson, general agent in Chicago, chairman of the company's general agents advisory council, reported on advisory council-company interests and activities of the year. Assistant Vice-President Cooper moderated a recruiting panel in which the following general agents participated: F. A. Smart, Detroit; C. T. Johnson, Grand Rapids; W. J. Ondrejcka, Sacramento, and H. L. Gundersdorff, Newark. Dr. W. O. Purdy, associate medical director, and Mr. Ward also addressed the club.

The final session of the Organization Club was under direction of Mr. Cooper. A panel discussion on training of new men was conducted by Mr. Ward. Participants included Mr. McCormick of Des Moines, Mr. Nelson of Chicago, A. N. Caines, Waterloo, and M. R. Wallis, Philadelphia. Vice-President Fuller gave the closing talk.

The company will conduct a series of three sectional conventions during April and May, 1955. The next biennial convention will be held in Chicago in April, 1956.

Stage Congress in Oregon

The Oregon-Columbia Sales Congress, held at Portland, featured talks by Harry J. Syphus, general agent Beneficial Life; C. J. Sposito, National Life of Vermont, and Dr. W. A. Dahlberg, associate professor of speech at University of Oregon.

A panel discussion of business insurance, led by Ralph E. Grimes, Equitable Society, was staged by H. E. Gurian, Mutual Life; M. A. Samuel, New England Mutual; H. C. Hardy, attorney, and R. C. Ronald, First National Bank, Portland.

Wis. Agents Rally to Be May 20

Wisconsin Assn. of Life Underwriters will hold its annual meeting at Madison May 20. Wisconsin Life Managers & General Agents Assn. also will hold its annual gathering that day and the following day a sales congress will be staged.

LIAMA Agency Officers Round Table Convenes May 10 at Williamsburg

Speakers have been announced for LIAMA's Agency Officers Round Table (formerly the large companies conference) May 10-12 at Williamsburg Inn, Williamsburg, Va. Chairman Stanton G. Hale, vice-president of sales at Mutual Life and a director of LIAMA, expects about 40 officers to attend.

Richard E. Pille, vice-president in charge of agencies for Mutual Benefit Life and president of LIAMA, and Raymond W. Simpkin, agency vice-president, Connecticut Mutual, will moderate two first-day sessions on field management where the efficiency of present management and ways to develop it more effectively in the future will be considered.

A discussion market will open the next day's session, with Sayre MacLeod, vice-president for Prudential, moderating. S. Rains Wallace, Jr., LIAMA research director, will moderate a general afternoon session, and the evening will be devoted to a discussion of financing, with Richard N. Ford, LIAMA's director of publications, and Mr. Simpkin, as chairman and moderator, respectively.

At the closing session Frederic M. Peirce, LIAMA assistant to the managing director, will report on results of a special LIAMA survey on management turnover, in which 41 companies participated in a study on managerial terminations and appointments during the past 10 years. Stuart F. Smith, vice-president of Connecticut Mutual and program chairman, will discuss future plans, and LIAMA Managing Director Charles J. Zimmerman will summarize and close the meeting.

Give Background of New Alabama Insurer

Standard Union Life, the new company at Montgomery, Ala., that was licensed last month, is beginning with capital of $100,000 and surplus of $150,000, obtained through the sale of 20,000 $5 par value stocks at $12.50 each. Authorized capital is $400,000.

The company, which has its home office in the Bell building, will write the usual forms of life coverage and anticipates entering the A&H field next fall.

Charles A. Stevens is president, Ethelbert H. Evans vice-president, Thomas S. Boozer vice-president and medical director, J. C. Delony secretary-treasurer, and Frank Speakman of Philadelphia consulting actuary. Mr. Delony at one time was assistant secretary of Tennessee Valley Life.

Maternity Now Safer

From 1940 to 1953, Metropolitan statisticians report, the maternal mortality rate in the U. S. decreased by four-fifths, the dangers incidental to childbirth having been greatly reduced at all the childbearing ages. Although the early 20s continue to be the most favorable years for childbearing, maternity is generally safer today for women in their late 30s than it was for women in their early 20s about a decade ago.

Progress in reducing maternal mortality is attributed to the greatly increased proportion of hospital confinements, more women seeking prenatal care early in pregnancy, better obstetrical care, and the advances in medical science, especially as regards the control of infection through chemotherapy and antibiotics.

Indiana '53 Totals for New Business and In Force Shown

All figures are for ordinary unless designated (G) for group or (I) for industrial. New business figures include business revived and increased as well as new business paid for.

INDIANA COMPANIES

		New Business $	In Force $
Amer. Income		4,821,588	4,649,555
Associates Life		5,000	5,000
Brotherh'd Mut.		5,536,445	25,117,209
	(G)	1,071,050	1,880,300
Churchm'ber's Life		550,600	1,455,164
Citizens Nat.		3,442,854	14,385,704
College Life		4,188,745	19,095,529
Empire L. & A.		8,620,674	45,249,180
	(I)	24,817,641	69,619,445
Great Fidelity		1,337,573	1,767,323
Guarantee Reserve		4,888,904	25,313,766
Inter-Ocean		83,767	140,077
Jefferson Nat.		7,270,857	60,169,257
Peoples Life		6,650,040	60,657,025
	(G)	500,489	8,085,248
Standard Life		3,622,082	37,975,241
	(G)	82,500	82,500
Hoosier Farm		17,333,291	105,911,348
	(G)	2,529,791	6,326,510
Am. United		5,575,941	36,262,661
	(I)	....	2,317,386
State Life		799,644	13,888,937
Indianapolis Life		16,877,855	142,458,847
Layfayette Life		5,027,821	35,559,098
	(G)	869,000	874,500
Lincoln Nat.		35,860,588	235,738,318
	(G)	17,424,212	86,563,030
Old Equity		5,164,750	3,202,250
Pilgrim Life		348,978	348,978
State Security		1,134,307	1,163,307
United Home		3,817,509	22,431,945
Wabash Life		3,354,368	5,735,333

OTHER STATE COMPANIES

		New Business $	In Force $
Aetna Life		7,986,866	70,729,548
	(G)	90,257,244	339,588,630
Amer. Nat'l.		1,298,602	6,237,520
	(G)	6,165,882	5,332,695
Acacia Mutual		1,628,544	15,138,848
Amer. Hos. & L.		7,535	72,120
Amer. Republic		136,663	117,240
Bankers L. & C.		17,511,967	20,965,042
	(G)	395,000	627,500
	(I)	121,555	....
Bankers, Iowa		2,654,356	43,739,421
	(G)	668,080	6,354,161
Bankers, N. J.		360,110	1,132,765
Ben. Assn. Ry. Em.		529,898	1,582,073
	(G)	36,014,437	104,523,502
Berkshire Life		2,106,411	8,898,702
Beneficial Std.		10,000	78,300
Bankers Security		46,316	64,820
	(G)	2,625,967	1,475,978
Bus'mens Assur.		5,408,648	21,727,243
	(G)	175,500	203,500
Central Std.		965,982	23,270,793
	(G)	....	200,000
	(I)	2,581,266	12,637,701
Central Assurance		20,000	65,000
Central Life Assur.		....	....
	(G)	120,286	1,991,612
Columbus Mut.		2,485,572	12,865,873
Commonwealth		57,500	119,500
	(G)	2,000	9,000
	(I)	4,909,694	3,841,929
Columbian Nat'l.		1,324,229	6,987,802
	(G)	39,026	468,750
Constitution Life		1,369	52,421
Central Nat'l.		2,083,552	2,081,754
	(G)	1,895,887	1,895,887
Crown Life		518,236	901,525
Commonwealth		13,254,466	56,836,385
	(I)	14,976,211	53,596,134
Conn. Mut.		9,107,294	62,801,417
Credit Life		15,804,707	11,112,088
	(G)	3,691,726	3,033,447
Conn. Gen'l.		6,713,187	36,869,507
	(G)	4,506,651	46,718,961
Continental		3,221,822	23,776,499
	(G)	16,517,799	45,525,664
Cuna Mut.		69,327	186,249
	(G)	8,973,415	27,592,576
Eagles Nat'l.		75,700	341,310
Domestic L. & A.		19,000	135,292
	(I)	494,966	1,038,998
Equitable Life		23,927,475	211,931,740
	(G)	66,690,069	563,219,864
Expressmen's Mut.		19,605	587,508
Farmers Life		104,548	434,899
Federal Life		493,471	3,487,342
Federal L. & C.		6,354	99,070
Farmers & Traders		45,915	352,391
Franklin Life		20,147,229	67,568,855
	(G)	198,800	739,000
Fidelity Mut.		775,121	11,984,940
Fidelity H. & A.		343,424	1,067,844
Girardian		407,602	402,602
Geo. Wash.		....	101,356
Genl. Amer.		567,200	5,186,606
	(G)	5,042,926	33,317,484
Great-West Life		3,100,173	17,499,505
	(G)	431,500	3,330,881
Globe Life		230,015	690,103
	(I)	....	3,483
Guarantee Mut.		2,028,632	14,500,291
Guardian Life		2,405,667	23,763,466
	(G)	25,500	58,500
Intl. Life		38,000	60,750
Jefferson Std.		1,067,580	6,726,354
Independ. L.&A.		54,692	112,036
	(I)	163,633	259,079
Home Life		37,041	1,552,158
	(G)	160,500	1,465,500
John Hancock		19,430,228	166,739,469
	(G)	11,098,673	85,956,586
	(I)	5,703,180	46,787,584
Kansas City Life		2,627,911	19,684,856
Ky. Cent. L.&A.		780,934	3,305,354
	(I)	6,170,725	12,052,849
Ky. Home Mutual		1,982,737	8,220,553
	(G)	65,000	111,500
Lutheran Mut.		976,676	10,305,620
Liberty L.&A.		1,300,793	2,435,126
Life of Va.		6,545,848	29,592,113
	(G)	....	1,515,589
	(I)	4,640,406	37,435,597
Loyal Protect.		72,461	652,605
Mass. Mut.		6,303,698	69,827,019
	(G)	879,124	4,269,090
Metropolitan		39,420,201	408,976,921
	(G)	108,501,493	858,537,924
	(I)	14,445,316	231,004,391
Manhattan Life		626,325	1,581,985
	(G)	65,000	161,000
Michigan Life		29,000	215,666
	(G)	....	1,104,733
Mammoth L.&A.		370,300	594,600
	(I)	2,130,586	6,696,464
Monumental Life		2,803,576	18,327,994
	(I)	2,695,764	18,166,246
Monarch Life		764,471	5,019,060
	(G)	49,900	49,900
Minn. Mut.		3,394,769	19,210,280
	(G)	4,058,000	8,173,300
Midland Mut.		2,252,985	14,134,164
Mutual Life		5,440,447	82,006,280
West. & Southern		33,104,361	233,239,647
	(G)	112,678	3,381,588
	(I)	22,145,648	206,299,569
Mut. Benefit		3,646,185	41,359,851
Mutual Savings		277,468	514,166
Mutual Trust		207,318	2,861,063
Nat'l. Home		411,684	583,695
Nat'l. L. & A.		8,927,425	44,680,399
	(G)	723,500	1,661,100
Nat'l. Bankers		10,400	6,400
)	(I)	21,486,142	77,821,054
Nat'l., Iowa		132,541	3,482,764
New York Life		11,326,456	139,010,852
	(G)	530,198	1,155,427
New Eng. Mut.		5,413,510	41,661,126
	(G)	153,000	53,000
Nat'l. Life		1,647,974	22,294,406
North Amer. Acc.		88,756	393,233
Northwest. Mut.		20,146,200	264,041,339
Northern Life		6,017	360,104
No. Amer. Life		494,634	5,957,086
	(G)	9,000	52,000
No. Amer. L. & C.		2,274,209	6,699,942
Occidental		5,399,534	20,532,651
	(G)	2,352,366	10,525,870
Northwest. Nat.		1,470,424	19,730,001
	(G)	152,000	2,179,500
Ohio State		1,472,487	11,810,828
Ohio Nat'l.		2,931,128	13,454,340
Old Rep. Credit		77,544,665	92,081,389
	(G)	1,254,116	1,635,153
Pan American		497,163	6,472,530
	(G)	....	15,000
Old Line Life		121,761	1,127,028
Pacific Mutual		1,429,442	18,857,532
	(G)	1,202,500	4,337,000
Paul Revere		850,839	5,919,283
	(G)	....	87,500
Philadelphia Life		44,774	137,998
Patriot Life		12,636,596	12,636,596
Pennsylvania Mut.		6,073,633	62,735,542
Provident L. & A.		593,150	1,529,710
	(G)	125,000	9,831,750
Phoenix Mutual		3,406,190	29,300,790
Prudence Life		69,116	50,616
Pioneer Life		12,001	247,662
Provident Mut.		2,396,612	23,056,505
Prudential		97,041,332	768,867,709
	(G)	45,006,350	221,161,487
	(I)	21,096,124	312,667,806
Quaker City Life		....	....
	(I)	4,349,603	2,621,671
Pyramid Life		43,303	56,329
	(G)	2,060,002	1,814,318
Reserve Life		272,461	331,731
	(I)	1,067	31,752
Reliance Mut.		16,737	374,628
Security Mutual		131,321	461,694
	(G)	3,106,800	3,099,300
Rockford Life		46,200	1,975,171
	(I)	510,250	939,750
Security Benefit		40,196	862,038
Rushmore Mut.		....	2,000
Sterling Life		341,500	287,500
Sun Life, Canada		[illegible]	48,588,371
	(G)	6,856,983	18,901,494
Self Help Mut.		85,480	554,030
State Farm		6,141,910	33,113,139
	(G)	137,568	154,713
State Mutual		4,289,862	30,406,409
	(G)	2,875,486	6,623,518
Sun Life, Md.		931,761	1,237,499
	(I)	2,430,897	2,959,132
Superior, Pa.		....	....
	(I)	472,857	1,192,995
Teach. Prof. Mut.		13,000	229,000
Supreme Liberty		171,095	736,567
	(I)	964,108	2,625,458
Travelers		9,273,648	65,713,499
	(G)	36,534,122	300,915,807
Union C. & L.		1,785,000	3,474,500
	(G)	4,175,000	25,152,500
Union Central		4,547,912	36,530,899
	(G)	440,075	901,907
Union Mutual		405,089	1,673,421
	(G)	....	561,669
Union Life		95,000	445,256
	(I)	338,734	352,707
United, Chgo.		942,153	3,820,244
	(I)	9,605,290	16,931,163
Union Labor		34,026	209,044
	(G)	8,561,700	15,574,700
United Services		270,770	1,106,695
Victory Mut.		406,502	1,193,807
U. S. Life		63,300	572,669
	(G)	14,144	203,600
United Benefit		2,059,868	17,427,806

(CONTINUED ON PAGE 14)

Insurers Conference Elects Stevenson President

(CONTINUED FROM PAGE 1)

stated. With 100% of the members participating, a study showed their premium income in 1953 was $1¼ billion; insurance in force more than $36¾ billion, and assets in excess of $5¾ billion. They reported 54¼ million policies in force, served by 62,000 agents and supported by 20,000 other company employes.

Fred C. Crowell, editor and publisher of *The Insurance Field*, presented to Mr. Williams that publication's 1953 "man of the year" award for outstanding service to life insurance. Mr. Anthony tendered Mr. Williams a gift from Virginian admirers in non-member companies as a token in recognition of this achievement.

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Awards in various categories for outstanding company agency publications were presented by Mr. Anthony at the annual banquet. These were: Best mimeographed weekly, *Union National Record;* best printed weekly, *Life & Casualty Mirror;* best mimeographed monthly, Union Life of Richmond' *ULICO News;* best multilith or offset monthly, *Southland Life Owl;* best printed monthly, industrial receipts over $5 million, *American National Star Bulletin;* best printed monthly industrial receipts under $5 million, Home State Life *News from Home.*

A review of the federal legislative picture as it affects life insurance was given by Claris Adams, executive vice-president of American Life Convention. A similar job was done for A&H by R. J. Wetterlund, chairman of Washington National.

The membership approved the executive committee's action in recommending that Mr. Wetterlund and Eldon Stevenson, Jr., the new conference president, be its representatives on A&H all-industry committee.

An open forum on "Company Management—Scanning the Field with H. C. E. Johnson, president of Interstate Life & Accident, as moderator, evoked high audience participation. Among questions discussed were agency recruiting, selection, turnover and training; supervisory training, conservation, field accounting, home office owned district office construction and location, and conservation methods. The results of a member survey were discussed.

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Among those who contributed extensively to the success of this session were R. D. Nelson, Colonial Life; J. Bryan and J. A. Howard, Independent Life & Accident; W. J. Hamrick, Gulf Life; C. L. Groover, Family Fund; W. N. Culp, Sr., Southern Life & Health; Guilford Dudley, Jr., and Clyde S. Gay, Life & Casualty; J. D. Renn and J. H. Quaritius, Peninsular Life; Homer D. Parker, Commonwealth Life; J. T. Acree, Jr., Lincoln Income Life; Eldon Stevenson, Jr., and C. R. Clements, Jr., National Life & Accident; R. K. Zelle, Missouri; J. S. Sherritt, Sr., and J. S. Sherritt, Jr., Guarantee Reserve Life, and others.

The well-known writer, columnist, and editor, Clayton Rand, Gulfport, Miss., was the banquet speaker. Past presidents sitting at the speakers table were Ashley Tobias, Jr., Palmetto State Life; I. M. Sheffield, Jr., Life of Georgia; E. H. Mears, Union Life of Richmond; J. D. Morse, Home State Life; H. C. E. Johnson, Interstate Life & Accident; Bascom Baynes, Home Security Life; E. H. Speckman, Kentucky Central Life & Accident; O. E. Starnes, Imperial Life of Asheville; E. T. Burr, Durham Life; G. R. Kendall, Washington National, and J. R. Leal, Interstate Life & Accident.

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A stimulating panel on public relations in its various aspects was led by Al B. Richardson, Life of Georgia. Members were John L. Briggs, Southland Life; H. J. Johnson, Institute of Life Insurance; John Moyler, Jr., Life of Virginia; Powell Stamper, National Life & Accident, and H. D. Coley, Durham Life, whose comments in his absence were read by Mr. Richardson.

Comments on A&H aspects of the problem were made by J. E. Lawler, Union Life of Richmond; W. S. Corey, Provident Indemnity Life; W. H. Keck, Jr., Unity Life; H. G. Zelle, Missouri; F. J. Greer, Union National Life; J. T. Acree, Jr., Lincoln Income Life; R. D. Nelson, Colonial Life.

LIC began its public relations efforts by a program aimed at company employes, both in home office and field, Mr. Richardson said. This effort was to inform employes and agents of the economic significance of weekly premium insurance and also of the work of the conference. The second step was to publish a booklet which made the point that weekly premium is the same as life insurance except that it comes in smaller packages. The booklet was aimed primarily at ordinary agents and companies and was widely distributed as source material.

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While life companies are classified as financial institutions, their real business is people, Mr. Briggs stated. Unless people in the communities in which a life insurance company operates know what the company is doing in way of service for them as individuals, they can not have a very strong feeling of close relationship with the company in question.

It is, therefore, not enough to offer planned insurance services represented by policy contracts with clearly worded provisions and well-trained salesmen. The company and its representatives must be known as good citizens in their various communities.

With the complex and far flung nature most businesses have become and with the customer or employe no longer a neighbor, it is necessary to find a substitute for friendly, close personal contact, Mr. Stamper declared. Communications, no matter how extensively or how well performed, can not make a good public relations program out of a faulty one. No amount of good advertising, good publicity, or good diplomacy will, in the long run, sell a bad product. It is true, he said, that some of the policy language which persists has been outgrown and that obsolescence contributes little to its clarity. New York Life, for example, announced in January that it removed more than 70 hereons, hereins, hereafters, and hereunders from the legal contract and restyled the policy for clarity and convenience. It was reduced from legal to regular letter size. The subject is worthy of study in each company, Mr. Stamper said.

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Life of Virginia got a definite public relations program started because its top management believes wholeheartedly that it is smarter and easier to carry on business in a friendly atmosphere, Mr. Moyler stated. The most sensible way to promote and maintain good relations with all segments of the

public was to delegate the responsibility for a program to a director of public relations. From the start, he was considered a staff officer, reporting directly to the president or administrative vice-president. No public relations program can survive unless it has the ear and strong backing of top management.

Discussing the salesman aspect of public relations, Mr. Coley said a company's reputation is identical with that of its employes in the field. Employment of top grade people to represent it is essential. Its reputation may be damaged for years by employment of the wrong men to "stop up a debit".

Mr. Lawler pointed out that in the A&H field good public relations is essential with doctors and hospitals because they are the two most important public relations agents in the administration of the primary purpose of that coverage, at the time of need.

Doctors and hospital officials must understand that the benefits are paid more directly by the premium payer than by the insurance company and the screening of benefits by the company is for the protection of the premium payer. Claim blanks can be simplified by reducing the number of questions asked to the necessary minimum.

Mr. Corey said Provident Indemnity Life designed a new claim form that was based on suggestions obtained from several doctors. The company obtained the services of a prominent person who interviewed troublesome claim doctors in an area to get their ideas and to be sure they understood the company's problems. This changed the claim area into a model one.

Mr. Acree told how Lincoln Income gained good will by permitting special groups to use its auditorium without cost. Mr. Zelle said Missouri stages an annual dinner in each of its districts, to which husbands and wives are invited. Mr. Nelson described the active part Colonial Life plays in projects of civic and charitable groups in its home city.

Conway Takes Reins of Ark. Life Agents

Arkansas Assn. of Life Underwriters at its annual meeting and sales congress in Little Rock elected J. B. Conway, Equitable Society, Little Rock, president succeeding Burnus L. Payne, Union Life, Little Rock. The new vice-presidents are B. M. Duty, Life & Casualty, Paragould; John Andrews, Jr., Guardian Life, Fort Smith, and T. J. Troublefield, Life of Georgia, Pine Bluff.

More than 40 agents attended the meeting at which the association's outstanding life underwriter award was presented to Harold A. Wood, Penn Mutual Life, El Dorado. The outstanding local association award, presented annually by the Campbell-Vineyard agency of Aetna Life, Little Rock, went to El Dorado, now a four-time winner. The Paragould association won the president's award for having the highest percentage of paid membership present.

Congress speakers were W. Walter Smith, Metropolitan Life, Rutherfordton, N. C.; John A. Mathis, Union Life of Little Rock, Artesia, N. M.; Dick Hogan, John Hancock Mutual, Little Rock; Bert Ripley, Southwestern Life, Wichita Falls, Tex., and Ford Munnerlyn, vice-president and agency director of American General Life of Houston.

Mr. Smith emphasized the necessity for organizing life insurance knowledge into a working plan. The 75-year-old Mr. Mathis, who last year wrote more than $1 million of business, said that prospecting presents the same problems it did 40 years ago. "The key to success is to find a company you like in a town you like," he said. "Stay with your job, become an integral part of your community."

Mr. Hogan recommended that agents qualify their prospects into classes as an aid in presenting coverages that will meet their needs. Mr. Ripley stressed the importance of establishing goals that will keep the agent on the right track, and Mr. Munnerlyn discussed the peace of mind that the agent finds when he properly services his clients.

Stock Dividend for Dallas Insurer

United American of Dallas has declared a 30% stock dividend, payable May 1 to stock of record April 1. Next October construction will begin on a new $1,250,000 home office building.

New Ohio Blue Shield Chief

Dr. Carl S. Mundy of Toledo has been elected president of Ohio Medical Indemnity, the Blue Shield plan. He succeeds Dr. L. Howard Schriver of Cincinnati.

Penn Mutual Top Agents Hold East, West Conferences

"Lives Insure Your Future" was the theme of Penn Mutual's top agents' meetings at Hot Springs, Va., for the easterners and at Phoenix, Ariz., for western representatives, both of which were comprised of three-day business sessions opened by Vice-president D. Bobb Slattery.

President Malcolm Adam alerted his listeners to "Your Lifetime Opportunity" by having flashed on a screen the picture of each qualifier with 25 or more years' service, his production record and his home. He then inaugurated the presentation of service awards for long years of service. George A. Bennington, III, superintendent of agencies, discussed "Why More Lives?" followed by five agents, each of whom paid for 100 or more lives in 1953, who exchanged successful sales techniques. Mr. Bennington announced later at the session that general agents who had held that position less than five years would be eligible to compete for the president's progress award.

Seminars for the agents and a meeting for their wives was the second day's agenda. While the men heard discussions on organizing for more lives, the art of programming, selling the small business, estate planning techniques and selling pensions and profit-sharing plans, the distaff side convened on how a wife can assist her husband achieve success.

Penn Mutual's CLUs' breakfast opened the final day's meeting, which was devoted to talks on "Make Mine a Million" through organizing the week's work, better prospecting, good answers to objections, and closing techniques and getting cash. George W. Stewart, Pittsburgh, and Gregory Jones, Jr., San Francisco, discussed why people buy life insurance at the eastern and western meetings, respectively. Mr. Slattery closed both meetings with a talk on "More in '54."

• Great-West Life has appointed *Johnstone R. Lall* group supervisor at Newark.

EDITORIAL COMMENT

Much Light Given, More Still Needed

It's not exactly hammock reading but the 25-page memorandum from the location committee of National Assn. of Life Underwriters is well worth the close study of the local and state association leaders to whom it has been sent by NALU as an aid to informed voting in the pending preference poll on what city NALU should pick for its permanent home.

We believe that associations that have not yet voted would do well to hold off until they've had a chance to go over this memorandum, and also the material from the Chicago and New York associations going into detail on the merits of their respective cities. Unfortunately, some associations have already turned in ballots. However, there is nothing formal or irrevocable about these ballots and the associations that sent them could certainly change them if study of the location committee memorandum and the New York and Chicago association material should result in a change of heart as to the right city to choose for NALU headquarters.

Despite its length and our non-membership in NALU, we found the committee's memorandum to be absorbing reading. It is reprinted in this issue in only slightly abridged form because we believe that many who would not otherwise get a chance to look at it will want to read it. Except for the incurably flippant, we guarantee that a reading of this report will produce a sobering realization that there are no pat solutions for the problem of picking a permanent home for NALU and that an uninformed vote in the preference poll is worse than no vote at all.

So much information is provided in the memorandum that we hesitate to suggest that additional data might be desirable. But there are some points in the memorandum that could be amplified and we hope they will be, as an aid to the most informed voting. Of the unanswered questions that can be answered by specific figures, perhaps the main one is the factor of travel expense for staff members and non-staff people that NALU would be incurring in each of the proposed locations. This is a continuing expense and if there is any significant difference among the three main contenders it should be taken into account.

Less tangible, but probably more important, are certain factors referred to briefly, if at all, in the committee's memorandum, yet likely to be very much in the minds of the members in voicing their preferences. They are the kind of factors likely to be distorted by rumor and half-truth. They are of the substance that "whispering campaigns" are built on. A factual analysis of them would do much to insure that a bunch of false impressions doesn't cause a choice to be made that will be later regretted at leisure.

There are two notable factors in this category. One is the alleged poor location of Chicago's ace contender as a site—the land that University of Chicago offers at $1 a year on a 99-year lease. The other is the alleged dominance by "eastern interests" that is supposedly involved in having headquarters in New York City. Whether either is 100% a phony argument or 100% valid is not the point. Both of these arguments are being used. To the extent that it is possible, NALU should substitute facts for imagination, and where nonsense is found, it should be labeled.

As respects the Chicago site, for example, it should be possible to obtain reasonably unbiased opinions as to the future of that area. Is the "blighted area" that some have feared to be uncomfortably close coming any nearer? Or will the University of Chicago and other influences be successful in pushing it back? Is the area—not the immediate neighborhood—such that it would be unpleasant or possibly dangerous to walk through after dark on the way home from work? How are the transportation facilities? It may be thought unpleasant even to bring up such questions but they are subject to factual answer and should be answered.

At the same time, it must always be borne in mind that the "free land" offered by University of Chicago is by no means the only site in the Chicago area. In fact, we think that an unwise amount of emphasis has been placed on that site and that it has caused some to think in terms of site rather than thinking of which city is the best for NALU to be located in or near. That is, there is some tendency for those who like the University of Chicago site to favor Chicago on account of the university site and for those who dislike or are dubious about the site—or about building on leased ground—to look with less favor on Chicago than they otherwise might. Chicago's merits are entitled to consideration entirely without reference to the University of Chicago site, but since the merits and demerits of the site are inevitably intertwined in the selection of a headquarters city, a more informed vote will result if the electorate has a rational size-up of the university site.

As for the argument that NALU headquarters should be gotten out of New York because of a feeling of some members that NALU is dominated by eastern interests, as the location committee memorandum puts it, it is not clear whether the memorandum is referring to companies and their associations or to New York City members of NALU. It seems unlikely that the committee meant New York City members. They have made little use of their potential leverage of being near national headquarters. In fact, one of the arguments against moving to a smaller city was that local members would tend to exert undue influence in headquarters affairs, in contrast to the freedom from that sort of thing that NALU has enjoyed in New York. But regardless of what the committee had in mind, it is true that there are some in NALU who think there has been too close a degree of cooperation between NALU and the companies and their associations, that NALU should forego any advantage it may enjoy from these contacts in the interest of being completely uninfluenced by the companies when their interests might run counter to those of NALU.

The committee refers in its memorandum to the value of these contacts but in view of the suspicious attitude of some members about them it would be well to examine this entire matter of "domination by eastern interests" in a dispassionate and realistic way and let the electorate know about it.

How much value is there to these contacts? What would be lost by moving away from them? How much—if any—does NALU weaken itself by working with the companies and their associations on a cooperative basis instead of taking an "independent" and perhaps suspicious attitude? Have there ever been any instances in which NALU was hoodwinked by the companies because it was too friendly with them? Or has it done a better job of representing its members by being where it knew what might be developing in company circles?

It should be possible and not too difficult to give a sensible picture of the "eastern domination" situation that would be helpful to members who consider it a matter of some moment.

Quite possibly there are other factors of a "whispering campaign" character that should be brought out into the light of day and considered objectively rather than with a prejudiced viewpoint.

One reason we stress these matters is that at the annual meeting of NALU in Boston next September it should not be possible for the protagonists of any losing city to attack the preference poll as unrepresentative because the members didn't have all the facts when they voted. Every precaution should be taken so it will not be possible for anyone to stampede the national council with "new evidence" or allegedly new facts that it could be contended would have changed the vote in the preference poll had they been known.

If the question of location—the city, that is—cannot be firmly and finally decided at Boston NALU is quite likely going to be hard pressed for time in which to obtain quarters ready to move into by the time the present lease expires April 30, 1956. In addition, everything should be done so that no matter what city is chosen, a majority of the members will be pleased and the rest not too disappointed. Only by having the fullest data on which to base their votes in the preference poll can this felicitous result be assured.

PERSONAL SIDE OF THE BUSINESS

Melvyn J. Huber, son of Solomon Huber, general agent in New York City for Mutual Benefit Life will go with the New York City law firm of Paul, Weiss, Rifkind, Wharton & Garrison after he graduates from Columbia University law school in June.

E. A. Roberts, president of Fidelity Mutual Life, became a grandfather for the second time when Mrs. Charles McRae Roberts, wife of his son, gave birth to a boy, John Douglas Roberts.

Devereux C. Josephs, chairman of New York Life, has been elected president of the Harvard Alumni Assn. for 1954-55.

Carol Joyce Skoglund and L. P. Sperry, Jr. of Waterbury, Conn. were married last week end in Minneapolis. Miss Skoglund is the daughter of **Mr. and Mrs. H. P. Skoglund**, Mr. Skoglund being president of North American Life & Casualty of Minneapolis.

Charles Creagh, division manager of National Life & Accident, and his family were the subject of an article in the *Nashville Tennessean.*

Harry C. Copeland, Jr., general at Syracuse for Massachusetts Mutual, will speak on "The Continuation of Your Agency" as part of a discussion of "Sales Competition—Present and Future" at the annual meeting at Syracuse May 10-11 of Mutual Agents Assn.

The NATIONAL UNDERWRITER
—Life Insurance Edition
EDITORIAL OFFICE:
99 John St., New York 38, N. Y.
Editor: Robert B. Mitchell.
Assistant Editor: Warren Kayes.

CHICAGO EDITORIAL OFFICE:
175 W. Jackson Blvd.,
Chicago 4, Ill.
Associate Editors: John C. Burridge, Charles C. Clarke and William H. Faltysek.

ADVERTISING OFFICE:
175 W. Jackson Blvd., Chicago 4, Ill.
Advertising Manager: Raymond J. O'Brien.
SUBSCRIPTION OFFICE:
420 E. Fourth St., Cincinnati 2, Ohio.
Circulation Manager: Daniel B. Reynolds.

Howard J. Burridge, President.
Louis H. Martin, Vice-President.
Joseph H. Head, Secretary.
John Z. Herschede, Treasurer.
420 E. Fourth St., Cincinnati 2, Ohio.

ABC

ATLANTA 3, GA.—432 Hurt Bldg., Tel. Walnut 9801. O. Robert Jones, Southeastern Manager.

BOSTON 11, MASS.—207 Essex St., Rm. 421, Tel. Liberty 2-1402. Roy H. Lang, New England Manager.

CHICAGO 4, ILL.—175 W. Jackson Blvd., Tel. Wabash 2-2704. O. E. Schwartz, Chicago Mgr. A. J. Wheeler, Resident Manager.

CINCINNATI 2, OHIO—420 E. Fourth Street, Tel. Parkway 2140. Chas. P. Woods, Sales Director; George C. Roeding, Associate Manager; George E. Wohlgemuth, News Editor; Arthur W. Riggs, Statistician.

DALLAS 1, TEXAS—708 Employers Insurance Bldg., Tel. Prospect 1127. Alfred E. Cadis, Southwestern Manager.

DETROIT 26, MICH.—607 Lafayette Bldg., Tel. Woodward 1-2344. A. J. Edwards, Resident Manager.

KANSAS CITY 6, MO.—605 Columbia Bank Bldg., Tel. Victor 9157. William J. Gessing, Resident Manager.

MINNEAPOLIS 2, MINN.—558 Northwestern Bank Bldg., Tel. Main 5417. Howard J. Meyer, Resident Manager.

NEW YORK 38, N. Y.—99 John Street, Room 1103, Tel. Beekman 3-3958. Ralph E. Richman, Vice-Pres.; J. T. Curtin, Resident Manager.

OMAHA 2, NEBR.—610 Keeline Bldg., Tel. Atlantic 3416. Clarence W. Hammel, Resident Manager.

PHILADELPHIA 9, PA.—123 S. Broad Street, Room 1127, Tel. Pennypacker 5-3706. E. H. Fredrikson, Resident Manager.

PITTSBURGH 22, PA.—503 Columbia Bldg., Tel. Court 1-2494. Bernerd J. Gold, Resident Manager.

SAN FRANCISCO 4, CAL.—507 Flatiron Bldg., Tel. Exbrook 2-3054. F. W. Bland, Pacific Coast Manager.

XUM

of New York, an organization of general insurance agents.

Guilford Dudley III, son of Guilford Dudley, Jr., president of Life & Casualty, has been accepted as a candidate for the Presbyterian ministry. A senior at Yale, he plans to enter the University of Edinburgh, Scotland, in the fall.

DEATHS

MATTHEW BROWN, 62, General American Life general agent in San Antonio, died of a heart attack there. He entered life insurance as an agency supervisor for Missouri State Life in Cleveland, being appointed San Antonio manager the following year. In 1933 when General American Life reinsured Missouri State Life, Mr. Brown became general agent for the reinsuring company, remaining in this post until his death. The first president of San Antonio CLU chapter, he also served as president of both the San Antonio and Texas Assns. of Life Underwriters. He was a member of the first advisory committee of the General Agents & Managers Conference of the Texas association, and was currently a director of that group and its convention chairman. While a student at Syracuse university Mr. Brown was an All American, and before entering insurance he played professional football, after which he became a football coach at Washington University of St. Louis.

W. RUSSELL SMITH, 58, department supervisor of Imperial Life, died at his home in Toronto. He had been with the company 37 years.

Guaranty Union Advances Elliott to Vice-President

Guaranty Union Life of California has advanced Hayward L. Elliott from executive assistant and assistant to the president to vice-president. He also was elected to the board.

Before joining the company in 1952, he worked with the war production board and was chairman of the Los Angeles regional office of the U. S. renegotiation board. He also had done advisory and research work with Argus Research, Southwestern Bell Telephone Co., and Studebaker Corp.

The company also named A. S. Menefee, assistant treasurer, to its investment committee.

At a meeting of the board it was announced the company is continuing its present dividend schedule on ordinary life and is increasing the discount rate on advance premiums from 2% to 2½%. It was noted that since its inception about a year ago, the company's industrial department has grown from a one-man to a 60-man field organization. About a month ago Guaranty Union acquired a block of Constitution Life industrial business, assuming also the agency force which had serviced this business.

N. E. Mutual Agents Elect

New England Mutual's general agents association has elected William Eugene Hays, Boston, president. Other new officers are Wheeler H. King, New York City, vice-president; Bruce Bare, Los Angeles, secretary; and Francis G. Bray, Houston, Fred A. Lumb, Grand Rapids, and E. Clare Weber, Cleveland, immediate past president, executive committee members.

• *Fraternal Field Underwriters of Chicago* at a meeting April 29 heard a talk by Paul Parker, Old Line Life.

N. W. Mutual Makes Agency Dept. Changes

A series of agency department promotions, including several changes in title, have been made by Northwestern Mutual Life.


Willard H. Griffin

The changes are part of an expanded program of field training and recruitment of agents, and also to absorb duties performed by Roe Walker, recently named Cincinnati general agent.

Willard H. Griffin will continue as superintendent of agencies, but will be relieved of supervising eastern general agencies in order to act as general administrative officer for all department activities. R. E. Templin and B. B. Snow, assistant directors of agencies, become superintendents of agencies, Mr. Templin supervising western agencies and Mr. Snow those in the east.


R. E. Templin


B. B. Snow

Harold Gardiner, director of education, becomes director of education and field training, while Charles B. McCaffrey, assistant director of agencies, becomes director of advanced underwriter training. Agency Assistants Julian F. Leet and Tom Hyland have been named assistant directors of agencies.

Mr. Griffin joined the company in 1937 in his father's agency at Manchester, N. H. He was appointed assistant director of agencies in 1948 and from 1949 to 1951 was in charge of sales promotion and advertising. Since then he has had administrative duties.

In addition to his new duties, Mr. Snow will continue to serve as liaison with district agents. Before going to the home office as assistant director of agencies in 1948 he was a district agent at Worcester, Mass. Mr. Templin was made agency assistant in 1948 after serving as an agent at South Bend. In 1951 he was made assistant director of agencies and took over sales promotion and advertising responsibilities. He will continue to have charge of advertising and will supervise induction activities beside serving as liaison with special agents.

Mr. Gardiner will continue to direct educational courses in career schools, while Mr. McCaffrey will be in charge of advanced underwriter training.

Both with the company since 1952, Mr. Leet entered the business in 1946 at Columbus, O., and Mr. Hyland in 1948 at Denver.

• *R. F. Prinz*, Prudential, and *Mrs. Beatrice M. Chamberlin*, United Benefit Life, May 26 will participate in a National Office Management Assn. conference panel in St. Louis, discussing "Office Practices, Privileges and Problems."

Insurers' National Ads Listed for May

Following is the national advertising which life companies have reported for May issues of the publications listed. Where no date is indicated the publication is a monthly magazine.

Bankers Life—*Better Homes & Gardens; Country Gentleman.*

John Hancock—*Life*, May 3; *Look*, May 18; *Newsweek*, May 10; *U. S. News & World Report*, May 7.

Lincoln National—*Saturday Evening Post*, May 1, 15.

Massachusetts Mutual—*Newsweek*, May 3; *Saturday Evening Post*, May 22.

Metropolitan—American Magazine; Business Week, May 8; *Collier's*, May 14; *Cosmopolitan; Forbes; Good Housekeeping; Ladies' Home Journal; McCall's; National Geographic; Newsweek*, May 10; *Saturday Evening Post*, May 1, 29; *Time*, May 24; *U. S. News & World Report*, May 28; *Woman's Home Companion.*

Mutual of New York—*Life*, May 17; *Newsweek*, May 31; *Saturday Evening Post*, May 22; *Time*, May 10.

New England Mutual—*Business Week*, May 22; *Newsweek*, May 10; *Parents; Saturday Evening Post*, May 1; *U.S. News & World Report*, May 7.

New York Life—*Business Week*, May 1, 29; *Collier's*, May 28; *Newsweek*, May 24; *Saturday Evening Post*, May 15; *Successful Farming; Country Gentleman; Time*, May 17; *U.S. News & World Report*, May 14.

Phoenix Mutual—*Life*, May 3; *New York Times*, May 16.

Security Mutual—*New York Times Magazine*, May 9.

Clevenger Chicago Chief for Philadelphia Life

Philadelphia Life has named William E. Clevenger regional director at Chicago. This will be the first office outside of Philadelphia to be operated directly by the company. As in other cities, its Chicago operations previously were handled by the Beard & Co. general insurance agency.

Mr. Clevenger for 14 years was manager of Beard & Co.'s life department. Before that he was with Connecticut Mutual in Chicago for five years and also with New York Life there.

Plans Under Way for MDRT Meeting

Preliminary plans for the '54 Million Dollar Round Table meeting at Coronado, Cal., June 15 to 19, call for a 4-part program including a case analysis of estate planning, a panel discussion on selling techniques, a presentation of pension planning problems and a room-hopping session.

John Todd, Northwestern Mutual, Chicago, a past MDRT chairman, is planning the first event; William T. Earls, Mutual Benefit Life, Cincinnati, also a past chairman, is arranging to have four top producers perform at the sales discussion, and the third project is being handled by New England Mutual, the company of G. Nolan Bearden, Beverly Hills, MDRT chairman. About 20 experts on various insurance problems will take part in the room-hopping session.

Occidental of California will be host at a reception the final evening.

Mr. Bearden said more complete program details will be available shortly. The last and final list of qualifiers for the 1954 session will be available next week.

U. S. Life Makes Three Group Appointments

United States Life has appointed James N. Mazzeo director of group sales and service; Warren V. Smith, eastern regional group manager, and F. Dale Fredrickson, Jr., west coast district group supervisor, with headquarters at Los Angeles.

Mr. Mazzeo left the advertising field to join U. S. Life in 1948, was appointed group sales representative in 1950, regional manager in 1952 and assistant director of group sales and service later that year. After air force service, Mr. Smith entered insurance with John Hancock and from 1947 to 1950 was with Aetna Life at Rochester, where he joined U. S. Life. In 1953 he was transferred to group sales and service at the home office. An army veteran, Mr. Fredrickson joined Pacific Mutual Life in 1949 at Los Angeles, where he became assistant manager in 1952. He has been manager of the Ray E. Treece Welfare & Pension Planning Co. there since 1953.

Indianapolis Life in Mo., Names Gray, Steiner

Indianapolis Life, with its entry into Missouri, has expanded operations to include nine states. William T. Gray and Kenneth E. Steiner, general agents at St. Louis, are the company's first Missouri representatives.

Mr. Steiner, a veteran of World War II, has been in life insurance for seven years.

Plan Iowa Sales Congress

Iowa Assn. of A & H Underwriters will hold a sales congress May 28 at Cedar Rapids. This will feature talks by Tom Callahan, Time, Milwaukee, president of the International association; R. L. McMillon, Business Men's Assurance, Abilene, Tex.; Robert W. Osler, vice-president of Rough Notes Co.; E. H. O'Connor, managing director of Insurance Economics Society, and Chester Elson, Waterloo general agent of Mutual Benefit H. & A.

To Honor Huebner at Dallas

Dr. S. S. Huebner, president emeritus of American College of Life Underwriters, will speak at a luncheon in his honor May 3, sponsored by Dallas CLU chapter, Dallas Assn. of Life Underwriters and General Agents & Managers Club of Dallas.

N. W. Mutual Sets up Service Office for N.Y.C. Agencies

A unified plan of collecting premiums and servicing policyholders of the four New York metropolitan general agencies has been set up by Northwestern Mutual Life.

The service office at 420 Lexington avenue, under Manager Paul R. Fischel, now will be sponsored by the Guy, McMartin, Krueger & Davidson and Johannsen agencies.

Each of the agencies will continue to operate separately. The service office permits them to concentrate on production and relieves them of the responsibilities of maintaining individual service and collection departments.

Midland National Names Four in Staff Changes

Midland National of South Dakota has appointed three new superintendents of agencies. Forrest D. Guynn, formerly an agency supervisor for Aetna at Minneapolis, will head the midwestern division. Harland W. Farrar, former field training supervisor, will supervise the northwestern division and Douglas E. Higginbotham, former manager of the life underwriting department, will head the southwestern division. William R. Stofft, assistant manager of the life underwriting department, was named manager.

B. L. Smith to Franklin

Boyd L. Smith

Franklin Life has named Boyd L. Smith general agent for Berkshire county, with headquarters at Pittsfield, Mass. He replaces Joseph J. Joyce who has been advanced to general agent at Boston.

Mr. Smith formerly was with Prudential at Glen Ridge, N. J. He is a navy veteran.

Sinton Milwaukee Speaker

Miss Lorraine Sinton, Mutual Benefit, Chicago, addressed a joint meeting of Milwaukee and Madison CLU chapters at Milwaukee.

The annual meeting of the Milwaukee chapter will be held May 3 when officers will be elected. Nominees, subject to additions, are Harold W. Hibscher, New York Life, president; Hyman B. Parks, Prudential, vice-president, and Aubrey Comey, National Life of Vermont, secretary.

Buys Out A&H Business

National Bankers Life of Dallas has purchased all of the A&H business of National Life & Health of Fort Worth. Annual A&H premium income of the Fort Worth company was about $360,000. It will continue to do business exclusively in the life field.

Frank Stuhlman Retires

Frank Stuhlman, superintendent of Travelers policy loan department since 1920, has retired after more than 49 years' service.

Stouffer Joins Dominion at Phila.

R. N. Stouffer has been appointed assistant brokerage manager of Dominion Life's Teller agency at Philadelphia. He entered insurance with Massachusets Mutual in 1928 at Philadelphia, was named brokerage manager there for Connecticut Mutual in 1943, and has been manager for Continental American since 1951.

Cites Doctors' Abuses of Health Insurance

Health insurance plans are facing retrenchment and bankruptcy unless the medical profession, hospitals, patients and insurance companies stop abusing them, Dr. John R. Thompson, Jr., of Jackson, Tenn., new head of Tennessee Medical Assn. said at an association meeting.

He said doctors hospitalize patients for purely diagnostic purposes or convenience, give prolonged preoperative medication and treatment for the doctor's convenience and to conform to operative schedules and thereby allow patients to remain hospitalized longer than necessary.

The association previously passed a resolution calling for Insurance Commissioner Northington to investigate A&H insurers operating in the state.

May Starts Two Drives for Lincoln National Agents

The May campaign of Lincoln National Life agents in honor of President Walter O. Menge also launches a drive to attain $7 billion of insurance in force by convention time next year when the company will celebrate its 50th anniversary.

President's Month competition will be on both an individual and agency basis. Agencies will compete on a percentage-of-quota paid business basis and they will be divided into three groups according to size. Following the campaign, the "7 by 55" drive will continue with agencies divided into threesomes. A special club will form the basis for individual recognition during the same period.

Beyrle Goes to Wichita

Joseph C. Beyrle has been named southern Kansas field supervisor for Fidelity Life of Illinois. His headquarters will be at 210 Kaufman building, Wichita. Mr. Beyrle entered life insurance business with Fidelity and was a field supervisor with Great American before assuming his present position.

N. E. Mutual Repeats Ad

New England Mutual is repeating this month the "jumping juvenile" ad which brought 2,500 inquiries, of which 50% resulted in sales. The ad which features a jumping child in nightclothes, illustrates the new junior estate builder policy, which increases five times in face value when the insured reaches 21.

New Post for Cleveland

R. Dean Cleveland has been named group manager of Pacific Mutual at Portland, Ore., succeeding William C. Earhart, resigned. Mr. Cleveland previously has been a group representative for the company at Cleveland, Chicago and Detroit.

Features Occidental Magazine

Occidental Life of California's field publication *Pulse* was the subject of a cover story in the February issue of *Reporting Magazine*, official publication of International Council of Industrial Editors. Written by Editor Milt Brouhard, the article tells how *Pulse* highlights each month various points brought out at the company's major conventions.

G. T. Holland Honored

Tennessee Valley Life honored President G. T. Holland at a luncheon in Jackson at which the leading contenders in the president's month campaign were given awards. Top agent was L. O. Carver, Knoxville.

Equitable Appoints Three New Managers: Van Winkle Retires

Equitable has appointed as managers Fred W. Hueur at Los Angeles, Dennis V. Peterson at Salt Lake City, and Wayne A. Fitzgerald at the newly created Long Beach, Cal., agency. Mr. Hueur succeeds Kellogg Van Winkle, who is retiring.

Manager at Salt Lake City since 1951, Mr. Hueur joined Equitable at Denver in 1938 and in 1947 was made manager at Albuquerque, N. M.

A CLU, Mr. Peterson joined the company in 1940 and, after navy service, was made district manager at Salt Lake City in 1947.

An army veteran Mr. Fitzgerald joined Equitable at Los Angeles in 1947 and was appointed assistant manager there in 1950.

Mr. Van Winkle, oldest Equitable manager in point of service, joined the company in 1921 at San Francisco, in 1922 was named assistant manager at Oakland, and in 1925, manager at Los Angeles. A CLU, he is a past president of the Los Angeles and California life underwriters associations.

Card is Readied for Ohio Agents Annual

Ohio Assn. of Life Underwriters will stage its annual convention May 6-8 at Cincinnati.

Speakers include Robert A. Whitney, president National Sales Executives, New York; Earl M. Schwemm, manager of Great-West Life at Chicago; Verne Stanford, superintendent of agencies, New York Life; Andrew C. Webster, selection vice-president Mutual Life; Harry L. Hamilton, manager of Home Life at Louisville; Milton O. Culpepper, superintendent of agencies, central territory, Metropolitan Life, and Louise Mercier, Union Central Life, Kankakee, Ill.

Reveal Convention Plans for Iowa Underwriters

The Iowa Assn. of Life Underwriters annual convention and sales congress has been set for May 7-8 at Waterloo.

A business meeting is scheduled for Friday, and a banquet for general agents and managers, with George A. Bennington, superientendent of agencies, Penn Mutual, as speaker, will be held that evening. Taking part in the sales congress will be Dean William T. Beadles, Illinois Wesleyan University, and John J. Gill, Metropolitan Life's assistant vice-president in field training.

Other speakers will be Frank M. See, general agent for New England Mutual at St. Louis, and Louis P. Coopmans, Equitable Life, Moline, Ill.

Life of Va. Appoints Hewitt Manager in S. C.

Life of Virginia has appointed Ralph C. Hewitt manager at Florence, S. C. He entered insurance in 1940 with Metropolitan at Florence and has been general agent there for Protective Life since 1946, the year he qualified for membership in the Million Dollar Round Table. A past president and national committeeman of the local life underwriters association, Mr. Hewitt in January won the National Sales Executives distinguished salesman award.

New Juvenile Form Popular

Inter-Ocean, which recently brought out a juvenile estate builder, "is getting good response from agents and prospects, with replies to letters running as high as 30%."

The policy provides $1,000 insurance to age 21, except age 0 is $250 for the first policy year, including a premium refund feature if the child dies before reaching 21. At 21 the insurance automatically increases to $5,000, with policy becoming fully paid up for $5,000 at 65.

Duluth Wins Conn. General Award on 10th Anniversary

Connecticut General's Duluth, Minn., branch, managed by Axel Holmgren, has won one of the three agency achievement awards for all-around performance. A celebration, also observing the agency's 10th anniversary, was attended by George W. Young, 2nd vice-president and actuary; Elmer L. Nicholson, assistant superintendent of agencies, and Arvid R. Anderson, agency assistant, from the home office.

Blair Heads New Pru Agency in Baltimore

Prudential has appointed William McElroy Blair to head its new ordinary agency in Baltimore, the second in that city. He entered insurance in 1940 with Home Life, joined Continental American Life in 1946, and in 1951 became manager in Baltimore for that company.

Evans Brokerage Partner

Richard A. Evans, Jr., has been named a partner of Flynn, Harrison & Conroy, general insurance brokers at New York City. He began in the business with Massachusetts Mutual in 1931 and then went with Connecticut General as manager at New Haven. In 1940 he joined the brokerage and in 1946, following navy service, was named manager of the life, group and pension department.

Membership Drive in Detroit

Detroit Assn. of A & H Underwriters at the May 3 luncheon will provide a free meal for all new members. This is part of the program of the International membership drive. The Detroit association plans to pay $25 to the individual bringing in the most new members by May 3, and the International will give $300 to the person among the locals having the highest number of new members credited to him.

Zone 1 Commissioners to Meet

An executive session of zone 1 of National Assn. of Insurance Commissioners will be held May 6-7 at the Connecticut department, Hartford. Zone members are Mahoney of Maine, Humphreys of Massachusetts, Knowlton of New Hampshire, Gaffney of New Jersey, Bohlinger of New York, Bisson of Rhode Island, Miller of Vermont and Allyn of Connecticut, chairman.

Oakland Insurance Forum Set

Oakland-East Bay Life Underwriters Assn., Oakland-East Bay General Agents & Managers Assn. and the Oakland CLU chapter will stage their annual life insurance forum May 20 at Claremont hotel, Berkeley, Cal.

Quigley Seattle CLU Speaker

Seattle CLU chapter at its April meeting heard a talk by George N. Quigley, Jr., Manufacturers Life manager at Los Angeles, western vice-president of the American Society.

Republic Nat'l. Offers Course

Seventeen Republic National men have been attending an underwriters' school at the home office. Instructors are Lyman E. King, Ralph C. Reinecke, Allen M. Cureton, B. Hix Smith, Jim Galloway and Bill Wiland.

Interpret Phrasing of R. I. Licensing Law

Life insurance licenses issued previous to April 29, 1936, which, under newly passed legislation must be renewed every April 1, have come under question by the Rhode Island insurance department. Many licenses issued before 1936 were to persons who sold life insurance as a sideline. The new law specifies that licensed persons must be principally engaged in the life insurance business.

An interpretation of the term "principally engaged" has been requested by Commissioner Bisson and Attorney General William E. Powers has written that in many supreme court decisions the term has been interpreted to mean that the person must spend the regular working hours of a day at the business of selling life insurance to fall in the category.

If the business is a sideline and the person makes his living during regular business hours at some other profession or job, he is not included. The productiveness and profit of selling life insurance has no effect on the interpretation, he pointed out.

The legislature intended that only those individuals who were "principally engaged" in life insurance were to be licensed. And, Mr. Powers believes, the purpose of stating the qualifications in this way was to eliminate those who wished to sell insurance on a part-time basis.

ALC-LIA Suggest Many Tax Revisions

(CONTINUED FROM PAGE 4)

than 10% of the participants in the plan are key employes. The ALC and LIAA object to this provision. They state that although it would not cause too much difficulty in some plans covering a large number of employes, many would be adversely affected in spite of the "small employer" rule providing liberalization of the proposed key man limitation. Insurers estimate that as high as 50% of existing plans would be disqualified under the small employer rule.

The statement by the two associations points out that it is socially desirable to continue the present tax-free treatment of the interest element in death benefit installment payments. It recommends that if Congress decides to place a ceiling on this exemption, it should be much higher than that contained in the House version of the bill. It was suggested that the ceiling should be not less than $1,500 of annual interest for a widow and not less than $500 for a child.

The associations recommend that insurance purchased by a pension trust or a profit-sharing plan should be taxed in accordance with existing laws under which the cost of insurance protection is taxable income to the employe. The bill provides for elimination of the tax on the employe and taxing the death benefit to the beneficiary.

The statement objects to qualifying A&H plans for tax purposes under rules similar to those applied to pension and profit-sharing plans. It recommends elimination of the section requiring submission of A&H plans for Treasury approval.

Although the bill provides for elimination of the premium payment test in the estate tax law, the amended section is not entirely satisfactory because it does not recognize the usual rule that a general power of appointment eliminates any possibility of reversionary interest which would make the life insurance taxable as part of an estate. The ALC and LIAA strongly recommend that a general power of appointment provision be added to the bill so that treatment of life insurance will be as favorable as that accorded other forms of property.

H. C. Ramsey on Prudential Board

Hobart C. Ramsey, president of Worthington Corp., New York City, has been elected a director of Prudential.

Show '53 New Business, In Force for Indiana

(CONTINUED FROM PAGE 7)

	New Business $	In Force $
Wis. Nat'l. Life	3,198,241	11,028,799
Washington Nat.	2,223,510	11,163,720
(G)	7,185,964	18,889,844
(I)	1,284,552	4,365,439
Volunteer State	12,500	361,951
(G)	2,192,139	2,190,116
W'dman Cent. Assur.	195,001	731,111
W'dman Cent. Life	1,419,789	11,375,590
(G)	26,000	54,000
World, Neb.	9,912,055	6,485,421
(G)	86,000	224,000
Republic Nat.	310,368	3,988,249
(G)	....	368,500
Total Ord. '53	749,098,088	4,689,221,160
Total Group '53	517,665,092	2,903,071,163
Total Ind. '53	168,536,215	1,124,265,783
All Classes	1,435,299,395	8,716,558,106
Total Ord. '52	662,301,632	4,466,095,955
Total Group '52	571,996,597	2,493,565,158
Total Ind. '52	151,173,284	1,073,034,030
All Classes	1,385,471,513	8,032,695,143
FRATERNALS		
Aid Assn. Luthns.	5,667,955	38,205,052
Am. Life Assn.	14,500	512,250
Ben Hur	449,000	10,881,227
Croation Cath. Un.	76,800	1,008,603
Cath. Knights	24,669	519,815
Catholic Ord. For.	915,000	8,851,962
Concordia Mut.	218,124	2,376,366
1st Cath. Slov. Ladies	261,500	4,358,395
1st Cath. Slov. Un.	124,000	1,631,366
Gleaner Life	429,439	7,550,699
Grand Carniolian	9,450	538,445
Grtr. Beneficial Un.	47,500	880,490
Great Cath. Un.	34,550	1,269,013
Hungar. Ref. Fed.	118,000	1,289,805
Italio-Am. Un.	9,400	544,595
Knights of Columbus	990,500	11,317,099
L'ds. Penn Slo. Un.	27,000	583,704
Lutheran Broth.	415,576	926,515
Maccabees	224,500	2,596,680
Modern Woodmen	1,479,995	23,003,096
Natl. Co. Jr.	28,750	656,377
Polish Alma Mater	26,000	548,134
Polish Natl. Al.	274,000	6,579,722
Polish Cath. Un.	118,000	3,443,550
Polish Women's All.	148,000	3,077,04
Prot. Home Circle	285,000	2,253,946
Royal Neighbors	655,000	13,964,786
Serb. Nat. Fed.	91,100	1,603,304
Slov. Cath. Sok.	55,500	1,470,250
Sup. Woodmen Cir.	337,060	2,672,176
Slovene Nat. Ben.	16,250	858,922
Un. & L. Romanian Soc.	12,500	527,900
Verkovay Assn.	219,000	3,594,726
Women's Ben. Assn.	177,934	3,175,325
Wmn's. Cath. Ord. For.	201,545	3,161,484
Woodmen of World	1,043,356	4,752,723
Total	15,226,453	171,185,551

Scranton Marks 40th Year

The 40th anniversary of Scranton Assn. of Life Underwriters was observed with a three-day celebration, including a Pennsylvania Life Underwriters Assn. sales congress. Ralph G. Englesman, sales consultant, New York City, conducted a one-day school. Cochairmen were Eli H. Albert, Scranton association president, and Michael Skopic, Wilkes-Barre president. The Scranton and Wilkes-Barre groups sponsored the sales meeting.

Tapp With Phoenix Mutual

Phoenix Mutual has appointed James L. Tapp brokerage field manager. He entered insurance with Ohio State Life and in 1948 joined Earl H. Weltz & Co. as territorial manager for Ohio, Kentucky and Minnesota. He is an army veteran.

B.A.R.E. Names Ind. G.A.

Williams J. Roberts has been appointed general agent in Indiana for Benefit Assn. of Railway Employes. His headquarters will be at Indianapolis. Mr. Roberts has been an agency superintendent for B.A.R.E. for seven years. The company has just gone into the commercial A&H field.

Forbess, Corbin Take New Posts

Southern Union Life of San Antonio has appointed David Forbess and William Lewis Corbin as regional directors at Dallas and Fort Worth, respectively.

Reynolds Takes Company Post

N. Buster Reynolds, a general insurance agent at Fort Worth, since 1947, has joined Western States Life of Dallas as vice-president in charge of the ordinary and salary savings department.

St. Louis Up 22% in March for Ordinary

St. Louis led the larger cities in increase in ordinary sales for March with 22% and Boston led for the quarter, up 15%. Other cities, with their respective percentages for March and the quarter are: Chicago, 16 and 10, Cleveland, 5 and 5, Detroit, 7 and 3, Los Angeles, 10 and 6, New York City 0 and -1 and Philadelphia, 11 and 6. St. Louis' quarter increase was 13% and Boston's March increase was 20%.

Revere Names Laughead

Paul Revere Life and Massachusetts Protective have appointed J. Russell Laughead general agent at Des Moines. He has been with Bankers Life of Iowa since 1936 except for navy service.

Milwaukee Trust Men Elect

Milwaukee Life Insurance & Trust Council has elected Joseph C. Moser, Marshall & Ilsley Bank, president; William C. Hewitt, Northwestern Mutual, vice-president, and J. Ward Rector, First Wisconsin Trust Co., secretary.

• First quarter sales of *Northwestern Life of Seattle* were more than 100% greater than the figure for the same period in 1953. The company's January production exceeded that for any previous month in its history, and this mark was bettered in each of the two subsequent months.

25-Page Memo Gives NALU Location Data

(CONTINUED FROM PAGE 3)

"The Messrs. Bottens, Dunway, Quarto and Partridge all prefer to stay, and each makes the reservation that he 'might not' move, although it is reasonably possible that all four will stay with the ship unless we should move to some small, inaccessible and unattractive place of residence.

"Mrs. Dowling, who at first felt she could not move, has indicated her intention of staying with NALU wherever it locates.

"We have not polled the personnel other than these 10, except in one or two additional instances, but it may be assumed that only a sprinkling of our present personnel other than those above named would move to another city with us, and indeed a considerable number probably would not move to a suburban location.

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"3. *Cost of moving*: The cost of moving our offices to a suburban location is estimated at $750, plus or minus. The cost of moving our offices to a distant point may be illustrated by the estimated cost in very round figures of moving to Washington, D. C., of $2,-500-$3,000, or to Chicago, of $5,000-$6,500. But in case of an inter-city move, there would also be a half-dozen families (more or less) to be moved. The cost of moving their respective household goods might be anywhere from $400 up to $1,000 or more per family. (This varies both with the distance involved and the size of the household. Average might be in the neighborhood of $800-$900; more for long distances, less for short.) In addition, NALU or LUTC, as the case may be, should absorb any loss on unexpired leases or the broker's fee on the sale of a residence and of course should pay rail transportation for employe and family. Finally, a reasonable (and we hope liberal) allowance should be made to cover the incidental costs attendant upon a move and for temporary housing in a new city. Thus, the total cost of moving could be as much as $2,000 to $2,500 or more, with possibly as many as seven or more NALU families and three or more LUTC families.

"A reasonable estimate as to the most it could cost us (in direct costs) would appear to be $30,000 to $35,000—of which, however, some 25 to 27½% would be LUTC's expense. If the move were to be to a nearby point (e.g., Washington) and/or if fewer than 10 families moved, the cost would probably be less than the figure indicated, which is an estimate of the *most* a move is likely to cost. At the same time it should be pointed out that the cost of moving, amortized over a period of 20 years, is of rather minor importance in the selection of a site. For instance, the cost of moving might well be more than absorbed by the lower cost of land in a location outside of New York.

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"4. *LUTC*: It is vitally important that we keep in mind throughout our deliberations that LUTC is an autonomous body, completely free to move with NALU and become its tenant, or to go its separate way, as its board of trustees may decide. Our present managing director, as well as his predecessors, has strong feelings about the desirability of keeping the two organizations under one roof and has carefully kept LUTC informed of NALU's thoughts and plans as best he has been able.

"The LUTC board at a meeting held Dec. 7, 1953, passed the following resolution:

"'Resolved that this board does reaffirm the statement of the board in the matter of LUTC's possible tenancy in the NALU headquarters building, as expressed in the resolution passed by the LUTC board of trustees on Feb. 13, 1953, which reads as follows:

"'"Resolved that LUTC is presently disposed to move with NALU to the latter's proposed new quarters, as being in the best interests of both organizations, provided however, (a) that the terms of tenancy, rentals, etc., proposed by NALU are found acceptable to LUTC; and (b) that LUTC will reserve its final decision until NALU has selected its location and structure; and (c) that it shall be mutually understood that the proposed relationship of tenant and landlord between LUTC and NALU shall not be expected or presumed to alter the present relations between the two, or to diminish LUTC's autonomy in any way."

Terms of Tenancy

"'Furthermore, the board reaffirms the terms of tenancy as expressed in the resolution of June 29, 1953, "that LUTC will become the tenant of NALU, subject to the choice of a suitable site, satisfactory arrangements as to facilities, space, working conditions and rental rates, under a lease of five or 10 years' duration, with privilege to renew agreement as to the various conditions to be arrived at by a committee of five, to be composed of two representatives drawn from the LUTC board, two from the NALU board and a fifth, to serve as chairman, to be selected by the first four."

"'Be it further resolved that it is the view of this board that LUTC can carry out its purpose and functions most effectively by remaining in the metropolitan New York area, which term should be taken to include New Jersey, Long Island, Westchester county, and southern Connecticut.'

"It would be our interpretation of this that we may assume it very likely (but not absolutely certain) that LUTC will stay with NALU. If so, LUTC will be our tenant. If so, LUTC will occupy 2,500 to 3,000 feet at a rental of $3 to $3.50 per foot, or from $7,500 to $10,500."

Discussing the question of location, the committee's memorandum gives detailed pros and cons for each of the three cities, further subdividing the New York area into the city proper and the suburban localities. The memo first takes up the case for the New York area:

"Manhattan: Numerous arguments can be advanced for remaining on Manhattan, whether in mid-town (walking distance of Grand Central) or uptown (the 50s through the 80s on the east side.) Among the arguments for Manhattan proper are (1) It offers and permits a two-way relationship between NALU and Life Insurance Assn. of America, the Institute of Life Insurance, etc., and between our personnel and theirs; (2) no disruption of present personnel; (3) minimum costs incident to moving; no cost for moving personnel; (4) no hazard of losing LUTC as a tenant and close associate. It has indicated its preference for New York; (5) NALU should be close to New York state association and the New York City association, particularly because of the prime importance of insurance legislation in the state. (We should remember that in many respects insurance legislation in New York state is virtually *national* legislation); (6) New York is served from all parts of the nation by the finest of transportation and is probably visited by more of our members than any other one city, therefore offering an opportunity for more of our members to visit headquarters; (7) New York has a superb city and suburban transportation system, a matter of interest to our visitors and of major importance to the maintenance of an adequate staff; (8) New York certainly now is, and probably will continue to be, the capital of world finance; (9) New York is the location of numerous committee meetings which NALU and LUTC staffs do and must attend; (10) it is the traditional home of NALU, where we have lived for 63 years, and it is an address which gives a feeling of pride to a great many of our members; (11) gives access to many great home offices, a number within the New York area and many others nearby; (12) a committee of the New York City association has made a close study of sites that are available in that area.

"Arguments against Manhattan are: (1) noise, traffic, congestion, and tension incident to city location; (2) world's highest real estate costs; (3) long distance from employe residences to headquarters; (4) absence of community and civic life for personnel; (5) the feeling of some of our members (proportion unknown) that NALU is 'dominated' by 'eastern interests'; (6) high wages and highly competitive personnel market.

"Suburban New York: Suburban New York for our purpose means that area around New York City which can be reached in an hour or less by commutation service (train or bus). The area includes Long Island, New Jersey, Westchester county, N. Y., and southern Connecticut.

"Areas not recommended: We make no recommendations in favor of Long Island, principally because of its inferior transportation facilities. We have made no recommendations in favor of New Jersey, despite certain advantages, including the absence of a state income tax, for two reasons: (1) commutation service from New York to New Jersey, though in some spots better than to Long Island, is difficult except in selected localities and even there is inferior to the service from New York to Westchester county or Connecticut; and (2) virtual-

ly every member of our administrative group would be obliged to move his or her residence if we moved to New Jersey, whereas only some two or three would need to move in order to work in a Westchester or Connecticut location.

"There remains Westchester county and Connecticut, and it is to these areas . . . that a mass migration of New York business is now taking place. Connecticut offers certain advantages, among them the fact that it is a great name in insurance matters, that it gets away from the 'New York domination' argument advanced by many, and the fact that it has no state income tax. Certain points in Connecticut, such as Darien, Stamford, and Greenwich, offer distinct attractions and are within an hour of Grand Central station.

"For our purposes we recommend that we think of Westchester county as including southern Connecticut, an area which in its entirety offers many attractions, among them being superb commuting service to and from New York.

"For example, your attention is brought to Bronxville, N. Y., only 26 to 32 minutes from Grand Central station, with half hourly train service, and greater frequency during the rush hours. Your attention is also brought to White Plains, 36 minutes from Grand Central, and a substantial community in its own right.

"Arguments for suburban location: (1) Very much lower land costs; (2) still enjoy most of the benefits of remaining in New York, that is to say, most of the arguments given above for Manhattan proper continue to apply to the New York area; (3) many employes could live within a few blocks or a few miles of the place of employment; (4) excellent personnel market; (5) would give access to a very high type of part-time or short-hour clerical workers, which has proved very satisfactory for many types of businesses, life insurance home offices especially; (6) would provide working conditions under ideal circumstances, substituting a residential or semi-residential atmosphere ('the birds and trees') for the canyons of New York City.

"Arguments against: (1) adds to the visitor's trip a transfer and another half-hour, more or less; (2) diminishes our quick accessibility to New York City home offices, other great associations, New York City meetings and conferences, etc.; (3) would presumably cost us the services of some trained personnel which would stay with us if we moved within the confines of Manhattan.

"The case for (and against) a location elsewhere: Definition—"elsewhere has come, in the thinking of this committee, to mean primarily Washington, D. C., or Chicago, Ill."

"Washington, D. C.: Advantages: (1) provides the best spot for legislative matters which so vitally affect the sale of life insurance not only federal but in many cases local because of the influence with state legislators of men stationed in Washington; (2) 'our nation's capital' and as such known and revered by all our members. An appropriate city for a 'memorial building'; (3) offers a favorable personnel market; (4) superior transportation facilities, both to and from Washington and within the city; (5) near New York—four hours by train, one hour flying time; (6) more than 1,100 national trade associations now located in Washington; (7) affords an opportunity for all headquarters personnel to know influential persons—significant in legislation and also in dealing with bureau and departmental rulings; (8) Washington is an address which will inspire pride and satisfaction in the minds of our members; (9) Washington apparently will offer building sites within our means, not too far from mid-city, and to this extent it offers the advantages of a city location (i.e., a cab-ride from the railroad station or the airport) with the advantages of residential or suburban location; (10) affords good living conditions for personnel, conveniently located to their jobs; (11) makes unnecessary a separate Washington office and representative, otherwise a 'must' and an expensive one; (12) officials of ALC and LIAA now permanently reside and office in Washington; (13) finest research facilities for the use of our headquarters staff; (14) favorable zoning.

Objections to Washington

"Objections: one of the few spots where the personnel market is just as tight as in New York; (2) costs—living costs and others—not appreciably less than in New York; (3) might serve to give NALU the appearance of being primarily concerned with federal lobbying; (4) unfavorable summer climate; (5) involves—as does any place but the New York area—the costs and objections attendant upon a move.

"Chicago: Advantages: (1) geographically central; (2) 'grass roots' appeal; (3) second largest city of the nation; (4) world's finest transportation center—air, rail or highway; (5) attractive sites available, especially in attractive northern suburbs, e.g., Evanston; (6) many members visit the city each year; (7) home of ALC and a number of good life company home offices; (8) near the population center of the United States and of our membership; (9) approximately equal mail delivery to all points in the United States; (10) a life insurance meeting and convention center.

"Disadvantages: The principal argument to be advanced 'con' is that we would still be located in a big city and would suffer the costs and objections incident to a move. In addition, it is highly possible that the travel expense of staff members to New York and Washington to attend to NALU business would be a considerable item each year.

"Comment: The University of Chicago has offered to lease NALU a site close to the campus on which to erect a building which has considerable appeal to some of our members.

"Expert advice: The location committee felt that the past managing directors of NALU with several years experience in guiding the destinies of our association should be sound persons from whom to ask advice. With this in mind, the location committee adressed a letter to the last three managing directors of NALU, asking their unbiased opinions of where NALU headquarters could best service its membership. Two of the three responded and their replies are quoted from herewith:

"From Edmund L. G. Zalinski, CLU:

"'It would take a book to discuss adequately all of the pros and cons on location. As everyone knows, it is not a simple problem and a great many reasons can be advanced in support of a number of different locations.

"'My own considered view is that NALU headquarters should continue to be located in the vicinity of New York City, where it has been for so many years. The heaviest population of life underwriters lies in the eastern half of the United States and the same can be said with respect to insurance in force, domicile of predominant companies, company trade associations, etc. Transportation facilities are adequate and there is a close proximity to Washington for legislative matters, and to Hartford, Boston, and other insurance centers. The airline has so eclipsed territorial barriers that when one can fly to Chicago in 2½ hours and to the west coast in seven, the argument for locating headquarters more centrally (Chicago) loses some of its effectiveness.

"'I do not think NALU headquarters must be at a corner of 42nd street and Fifth avenue, which is a very high rent area. It could be located in the suburbs of Westchester or in another part of New York City where rents or real estate values are lower.'

"From Benjamin N. Woodson, CLU:

"'I believe that all things considered, the New York area best serves the interest of NALU because, affirmatively, (a) it offers proximity to the LIAA and the Institute, which I know from intimate personal experience is enormously important to NALU and (b) because it offers proximity to a number of the nation's largest life insurance companies, which directly and indirectly are often able to be of significant assistance to our association and (c) because superb transportation of all forms leads to New York; and (d) because it is a convenient location for a large portion of NALU workers who come to committee meetings and finally (e) negatively, because in the absence of more conclusive reasons for moving NALU headquarters than have yet appeared, the advantages of moving do not appear to outweigh the very considerable disadvantages incident to uprooting many families of many NALU and LUTC workers who would move, and of going through the very considerable travail of developing new personnel in a new location to replace those who did not move, nor is the total cost of effecting such a move to be taken lightly. (Some point has been made of the possibility of securing a free building site in some other communities, but it may be remarked in passing that the value of such land is perhaps little more than the cost of moving.)

"'As a commentary on my convictions about the desirability of remaining in New York, you might be interested in knowing two things: First, when I first became managing director of NALU, I took it for granted that a mid-western location would be a better one and that we would in due course decide to move; yet second, on that historic 17th of April in '53, when NALU's board debated the question all day and decided on the move to Washington, I voted for New York on every single ballot from first to last until Washington had won anyway, and for which, of course, I voted to make it unanimous . . . although I kept my own counsel and considered it improper, in my relationship as an NALUTC employe, to express my views with any great ardor to other members of the board.'"

Coming to the matter of site, the location committee memorandum defines its use of the term "site" as meaning the actual plot of ground on which an available structure stands or which NALU would purchase as the

location for a building of its own design and construction.

"The different areas within a city which might be considered may be named for convenience (a) downtown, (b) fringe, (c) residential, and (d) suburban," the memo continues. "The term 'midtown' in New York, peculiar to that city because of its geography, is synonymous with 'downtown' as here used. 'Uptown' New York is the same as 'residential.' 'Fringe' is not intended to imply a marginal degree of desirability, but rather an area on the fringe of the business area (especially in middle-size cities) . . . a desirable and attractive location lying at the edge of the business district and in the general direction of good residential sections. A few examples will clarify: among those which might be cited are the duPont Circle area in Washington, D. C., the "gold coast" section of Chicago (Drake hotel area), East Broad street in Columbus, North Meridian in Indianapolis.

Size Requirements

"Size requirements: Cost of course, will be a major factor in determining the size of the plot we select, but so also must we consider the type of building contemplated, the terrain, and the neighboring structures.

"In a downtown area we would logically need a smaller plot than elsewhere, for here buildings typically stand squarely against the sidewalk and occupy the entire plot, possibly excepting small parking areas. But as a matter of principle, we feel we should not consider any plot under 40 feet in width or a building appreciably narrower than that figure, because of the inefficiencies which result from small work areas and the need for extensive vertical travel . . .

"In fringe, residential or suburban areas, a comparatively larger plot would seem logical, basically because a different type of structure is envisioned. A 'city building' connotes a typical office-type structure, its vertical dimensions greater than its width, running to the exact edge of the property lines, etc. By contrast, in residential and suburban areas and even possibly in the fringe areas we envision what is sometimes called a 'library-type' of structure, relatively broader than it is high, set back from the property lines on all sides, with plenty of light and space between our structure and its neighbors. For this purpose we should ideally have a plot 100 x 150 feet, although we feel that space 100 x 100 can be considered if it offers superior advantages in all other respects.

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"In suburban areas of the countryside type, still larger areas yet should be considered. However, gardening and landscaping costs, original and recurring, can be considerable and must be taken into account.

"Zoning ordinances and other restrictions: Most communities will allow a non-profit organization such as ours to occupy space which would not be open to most businesses, even those of highly-desirable white-collar type (e.g., insurance agencies or home offices, advertising agencies, etc). On the other hand, we cannot (in most cities) go to all areas where schools, clubs, medical offices, etc., would be admissible.

"The only thing to be said here is that we must exercise extreme care in this matter and make no binding commitment until we have absolute assurance, official and properly documented, that we are safe. Nothing now offered to us except properties in 100% business areas are *certainly* available for our purposes, for obviously we have not at this time spent any money to determine zoning sites. It will be realized the question is a particularly critical one in connection with the proposed conversion of a former residence.

"Some plots may be offered to us subject not only to zoning laws but also to restrictions or convenants stipulated by the seller—e.g., limits on height for light protection to adjoining properties.

"Facilities to be sought: In so-called downtown areas (midtown New York) all facilities are automatically to be found at hand. In the other three categories of space named, it is important that most or all the following facilities be suitably accessible (a) adequate public transportation; (b) restaurants; (c) shopping facilities; (d) bank; (e) postoffice; (f) hotel.

"'Downtown' vs. 'residential': (For the purpose of listing advantages and disadvantages we throw together the fringe, residential, and suburban areas.) This small inventory of arguments both ways is intended to apply anywhere. In favor of downtown: Sure availability of all needed facilities; convenience for visitors; convenience of staff to meetings usually held downtown. Fringe, residential, and suburban advantages: lower property cost, more pleasant 'living' atmosphere, trees, grass, parking space; different type of building logically indicated; many employes can (and ultimately would) live very near offices, resulting in possible advantages in wage and salary levels and availability of help."

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Analyzing the factors having to do with the structure of the building, the memorandum states:

"1. *General*: besides an inventory of our requirements the basic considerations would seem to be: Do we want an existing structure or one built new for us? Do we want one for our own occupancy only or one which will produce some income? And do we want a residential-style building or an office-building type?

"2. *Basic requirements*:

"a. Size, for NALU-LUTC alone, and *ideal* of some 12,000 feet of usable space or 10,000 net square feet of office space, implies about 15,000 feet gross. This includes an abundance of space for our present requirements, allowance for prospective new personnel anticipated, and a nominal allowance for growth thereafter.

"b. Type: This depends very largely on location. Assuming residential or suburban type of location, the ideal we envision is a three-story structure (two stories fully above ground and a full basement) something like 90 to 100 feet across the front and 50-60 feet in depth. If it can be constructed on land sloping gently to the rear, to permit the use of full-length windows at the basement level, this would enhance the value of the basement space.

"c. Architectural style: The architect's recommendations should be considered very carefully and of course will be greatly influenced by the environment.

"d. A new building should have air-conditioning, fluorescent light, Q-floors, asphalt or rubber tile flooring, fully fireproof construction, self-service elevator, etc. (Elevator is not essential in the type of building described but is highly desirable and would materially affect its resale value should that ever be necessary.

"e. In our opinion, any structure we put up should be engineered to permit an enlargement of 25-33% with a minimum of expense, and particularly without the necessity of reinforcing the foundation or structure.

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"3. *Existing structure or new one to our order?*

"a. Advantages of an existing structure: often (not necessarily) can be bought at a favorable price; might save time of NALU officers, trustees, and headquarters personnel; it is a 'known' quantity more definite and certain (unless major remodeling is required) whereas a new structure always seems to produce unanticipated costs, difficulties and delays; often permits more prompt possession—not particularly important in our case, however; if we are speaking of a building larger than for our needs, an existing structure may already have tenants under lease.

"b. Disadvantages of an existing structure: Unlikely to find *exactly* what we want; hazard of finding cost of alterations greater than anticipated, of finding new heating system or wiring, etc., necessary shortly after purchase, e.g., depreciation may be greater than realized; cost of certain improvements (air-conditioning) about twice as great as inclusion in a new structure—unless a building is a distinct bargain, therefore, it may cost *more* than its counterpart *new*, before fully put in shape for our purposes; we have to take the combination of structure, plot, and location as they already exist.

New Structure Advantages

"c. Advantages of a new structure: can be built *exactly* to our specifications—the structure we want, on the plot we choose, in the city we select; no depreciated equipment—furnace, wiring, plumbing, elevator, etc.—all have a full life expectancy ahead; as compared to an existing building requiring major changes, the new building is relatively a known quantity; would be more pleasing and appealing to our members who have contributed to the building fund.

"d. Disadvantages of a new structure: Today's building prices are about the highest in history and everything in a new building is brand-new and priced accordingly; we are advised, however, that there is not likely to be any appreciable reduction for many years; we assume the various risks of construction—work stoppages, material shortages, unexpected costs and problems; time requirements ordinarily should be listed here but that is less of a problem in our particular case than in most others.

"*One-purpose building or multi-purpose?* For the purposes of this discussion, this question asks whether we shall buy or build a structure for the sole occupancy of NALU and LUTC or whether we should undertake to own larger quarters and enjoy some income from other tenants.

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"1. Tax considerations: The situation in a word is that at no point would our federal income tax be as much as if we were an ordinary corporation operating a building for revenue, and in a small operation (e.g., where our tenants occupy relatively a minor porftion of the total space) we would probably pay no federal income tax resulting from rental income, at least not until the building was fully depreciated (25-30 years). Property taxes will be unaffected, and in any type and size of structure we must expect to pay just what anyone else would pay.

"2. Advantages of extra space and rental income:

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a. The construction or purchase of some reasonable amount of space in excess of our needs, with a view to renting such excess space, is a very desirable insurance against unexpected future growth. In our opinion it would be very dubious wisdom to put up a structure without margins for expansion not now foreseeable. (Example: 10 years ago LUTC was not foreseeable). This can be accomplished in three ways. (1) The structure can carry foundations and supports which will permit the construction of an additional floor at a later date or can contemplate lateral expansion if the plot and type of building make this logical—or both. (One or both of these provisions for expansion should be made *in any case*); (2) a margin for expansion can be allowed in the dimensions of a building (e.g., an additional floor) which can be left unfinished, to be completed at a later date. This postpones much but by no means all of the cost involved; (3) a margin for expansion can be provided (e.g., an extra floor) and construction completed, the space then to be rented —thus it provides income *while* it provides insurance against future expansion needs.

'b. The second big advantage of extra space is that within reasonable limits it tends to pay for itself within 20 years or less. Thus, space built into the structure to provide for future growth may pay for itself while awaiting call . . . thus materially increasiang NALU's net worth.

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The first point to note is that the land costs the same given amount whether we build on it a 15,000 foot structure or one of 20,000 feet. Therefore, the cost of each additional foot constructed is *less than* prorata to the total cost of the property. Example: A 15,000 foot structure at $20 plus $75,000 for land represents a total investment of $375,000 or an aggregate cost of $25 per gross foot. If a 20,000 foot building is place on the land, the total investment is $475,000, or an aggregate cost of $123.75 per gross foot.

"Next point to note is the economic fact: An additional square foot costs approximately $20 to build, about 80% of it is available for rental, and will bring from $3 to $5 or more depending on location. Using the lowest figure, and the 80% factor, one square foot will bring in about $2.40 annually. Thus, in 20 years, it would normally be expected to bring in about $48 or enough to pay off the $20 construction cost, interest on the $20 (assuming that the entire $20 was borrowed) and the prorata portion of taxes, maintenance, operating expense and depreciation.

'If the entire rental income were applied to the liquidation of the $20 construction cost, the prorata portion of taxes and other expenses was *not* charged against that particular square foot but borne as part of general operating expense, the rental income would amortize the construction cost in 10 years. Admittedly any landlord doing this would be kidding himself, but if the proportion of total space occupied by the landlord himself were high and that occupied by the tenant was proportionately low, he might not be kidding himself very much.

"To illustrate the workings of this, assume that instead of constructing a

15,000 foot building for sole use of NALU and LUTC we put up a 20,000 foot building with the intention of leasing the added space. Assume that 80% of the additional 5,000 feet, or 4,000, were available for rent and it was rented for $3 per square foot, or $12,000 on a 10 year lease.

"The extra 5,000 feet would cost about $100,000. The $120,000 of rent in 10 years would approximately pay the $100,000 and 4% interest thereon. It might take as much as 15 or 20 years for this space to pay for itself if it were expected to pay its prorata share of taxes and upkeep. For simplicity, say the space will pay for itself in 10 years or 20, depending on whether we do or do not charge it with prorata costs. But whether it be 10 years or 20, we will then have free and clear a 20,000 foot building instead of a 15,000 foot building . . . and the extra 5,000 feet, the extra 33%, paid for itself. Disregarding depreciation for the moment, NALU will be $100,000 better off than if we had put up a 15,000 foot building!

"And from that point on, we will either have the extra space for our own expansion or for a gross annual income of $12,000 more or less, which paid for itself.

"3. Disadvantages of extra space:

"a. The principal disadvantage is the risk involved—the risk that the space might stand empty instead of bringing $3 or more per foot; the risk of acquiring a bad tenant or having a good one turn bad; the risk that taxes might rise and rentals drop enough to throw all our calculations out the window—in other words, the hazards of entering the real estate business.

"b. The second disadvantage is that tenants will rightly expect certain services we might not need to provide for ourselves, e.g., full heating during the winter months seven days a week instead of five, thus increasing certain expenses disproportionately. (Automatically run elevators and thermostatically controlled automatic heat might mitigate these objections considerably.)

"4. *Residential structure or business building?* This is essentially related to the question of remodeling an existing structure vs. building a new one. We would not construct a residence, of course, so residential construction implies the purchase of one already standing.

"a. Advantages: (1) normally can be bought for a fraction of replacement cost—in other words, most large residences these days are 'white elephants' and if a buyer can use a white elephant (and we could under certain conditions), he stands to get a big bargain; (2) in some instances, very desirable locations are involved; (3) might provide two or three sleeping rooms for housing visiting officers and committee members.

"b. Objections: (1) almost always the remodeling merely creates a monstrosity which is neither good residence nor good office; (2) cost of remodeling, including air-conditioning and meeting fire department regulations, may offset all the 'bargain' obtained; (3) minimum resale value; (4) rarely if ever will a residence, even substantially remodeled, offer the open work space which is desirable for maximum office efficiency—also other layout problems are likely to be encountered; (5) a place large enough for our needs might be 'showy' enough to arouse some criticism from our members."

The committee's memorandum deals at some length with the matter of furniture and equipment, pointing out that the range from the least to the most in outlay is probably much greater in respect to furniture and equipment than the range from minimum to maximum for land or structure. How much should be spent "should probably be decided ultimately on the basis of our financial picture after all other decisions have been made and we so recommend." The present situation is this, according to the memorandum:

State of Equipment

"1. Furniture: We are barely started on a project of building up a full office of standard matching all-steel modern furniture for clerical, secretarial and other non-executive personnel. In the main, we have a heterogeneous assortment of obsolete and obsolescent desks, chairs, etc., which it would be almost shameful to move into a fine new office. We have no floor coverings or drapes worth moving, although possibly what we have might have a small (actually insignificant) trade-in value.

"2. Equipment: here the picture is much, much brighter. We have a complete installation of late-model Dictaphones, have largely completed our switchover from manual to modern electric typewriters, and an ultra-modern accounting machine. Our addressing machinery will serve after a fashion for a time yet but ultimately it *must* be replaced with an Addressograph installation at a cost of $15,000 or more."

At a bare minimum it would be possible to move without spending anything at time of moving except for carpeting and drapes in the board room, conference room, and at least some of the private offices. Or it would be possible, on an "ideal" basis, to spend some $60,000, of which possibly $10,000 would be for LUTC's expenses.

"In our opinion, the matter of furniture and equipment should be the *last* thing to be decided, and then we should go as far toward the ideal as then appears financially defensible," the memorandum states.

Dealing specifically with land costs, it goes on to list typical prices in various areas:

"Midtown New York: . . . a fairly standard cost for 50-foot front, 100 feet deep, may be stated as $200,000. This will be more for highly desirable areas, and possibly less, but not much, in rundown rooming-house areas (moreover, in such areas it is frequently necessary to buy out statutory tenants.) Larger plots tend to cost *disproportionately* more, e.g., 100 x 100 at $500,000 and up. (Example: 11 West 43rd street, $550,000, and only available at that figure because of restrictions.)

"Uptown New York: (defined as the 60s, 70s and 80s on the East Side), the area of apartment houses and residences; here the zoning and possibly also restrictions may be problems. Land prices range from a minimum of 50 to 60% of midtown prices up to 100% in some instances. (Example, real estate men say 42 East 69th street, held at $180,000, would bring nearly this same figure as a vacant lot. Demolition costs are a factor; so also are leases and statutory tenants.

"Suburban New York: For desirable space near transportation, costs tend to run from 10% to 25% (and more) of midtown New York. (Example: Bronxville lot approximately 100 x 100 at $55,000 is priced at precisely 10% of the same area at 11 West 43rd street. Restrictions may be a factor in suburban areas, as in uptown New York.

"Probable price range of suitable plots, 100 by 100, or 150 by 100, and more, in semi-residential or near-downtown areas in Chicago or Washington would be $40,000 to $75,000.

"Caution: We should remember that a building of suitable size for our use will cost approximately $300,000. This expenditure warrants a lot in a choice location. A cheap lot poorly located, or a gift lot if poorly located could be an unwise investment for many years to come and when the cost of a lot is spread over many years it can be a very small yearly factor. Again, we should as good business men anticipate the future as much as possible and realize that if we were to outgrow our building or for any other reason wish to dispose of it, our chances of sale would be in proportion to the class of lot on which the building was located. It is never good business to improve a cheap lot with an expensive building.

"After checking with three nationally known architects and an equal number of contractors of similar reputation, we consider that the minimum safe estimate for construction costs, including air-conditioning, a self-service elevator, flourescent light, adequate plumbing and wiring, fully fireproof construction, etc., is $20 per square foot or its approximate equivalent and $1.80 per cubic foot.

"Thus a building with 15,000 gross square feet and 12,000 net usable feet (to meet our 'ideal requirements') would cost approximately $300,000 exclusive of land. Slightly lower costs may prevail away from midtown New York) and in other cities. However, there is no *great* variation anywhere and construction always costs more than you thought it would, even when you thought it would. The most that we might expect to save below the $20 per foot rule of thumb would probably be no more than enough to pay the architect's fee.

"Our earnest advice: Don't expect a cost lower than $20 per square foot, regardless of estimates, unless offered a firm contract—and then look for a joker. Note: Any existing structure may be valued (among other methods) by estimating its reproduction cost at the above rate, then depreciating for age, obsolescence, etc. But note well that cost of rehabilitation and remodeling must be taken into account in such cases. (Example: Installing an adequate modern air-conditioning system in a 15,000 foot building will tend to cost $50,000 or more, depending upon the difficulties involved in the specific case; the same system may be included in a new building for about $25,000. The general rule: It costs as much to install as to include when building."

Taxes vary widely, the committee points out. A $300,000 building in midtown New York on $50,000 plot ("if there *were* a $50,000 plot") would pay about $9,492. In Bronxville a $350,000 property would pay about $7,525 a year. The committee gives these other approximate yearly expenses for a 15,000 foot, $300,000 building: heat, $1,000; power and light, $2,500; insurance $500; custodian, $4,000; maintenance, $2,000; depreciation at a typical rate of 2%, $6,000.

"Also, a realistic appraisal of the economics of property ownership must take into account the fact that the $350,000, if not invested in the property, might be otherwise invested at approximately 3%, which amounts to $10,500," the committee points out.

The memorandum goes into considerable detail on the cost of borrowing money "in the event the board should deem it either necessary or expedient to employ borrowed money in the construction or purchase of our building."

"Your committee considers that the use of mortgage money for our purposes, under certain conditions and circumstances, would be altogether proper and desirable," the memorandum states.

In support of that view, the committee gives two examples of how borrowed money might be used in an economically sound way.

In the first example, it is assumed that NALU finds itself with some $275,000 in its building fund and wants to put up a $300,000 building on a $50,000 plot. It is assumed also that it will lease space to LUTC for $7,500 to $10,000 a year. If NALU should borrow $75,000 and make a 10-year lease having a present value of approximately the amount borrowed "we would be completely secure; we would be enabling ourselves to put up a better and larger building than would otherwise be possible and we would be so ordering our affairs that 10 years hence we would own a $350,000 property instead of $275,000."

That is, NALU would borrow enough to pay for LUTC's part of the building which would pay for itself in about 20 years on a proper accounting basis, "after which the $75,000 portion of the building would belong free and clear to NALU and would have paid for itself."

Small Building Unwise

The committee emphasizes that "it would be *unwise* for NALU to construct a building just large enough for its own occupancy at a total cost of $275,000 paid for in spot cash, with LUTC told to look elsewhere for shelter; and wise for NALU to invest in a $350,000 property with a $75,000 mortgage."

In the second example, it is assumed that it has been deemed unwise to build a structure with only 15,000 feet of space and to be occupied only by NALU and LUTC because it would make but small allowance for possible expansion. As an illustration, it is assumed that 5,000 feet of gross space (4,000 net) is added as insurance against possible expansion and also to create income.

At an estimated $20 per foot building cost, this would mean the building would cost $100,000 more. If NALU borrowed the $100,000 and rented the extra space at $12,000 a year, which would be $3 a foot ("low for high quality air-conditioned space") the lease would approximately pay off the $100,000, principal and interest, in 10 years if applied wholly or in less than 20 years if this space were charged with its share of taxes and upkeep, "after which we would be ahead of the game by the then value of 5,000 gross square feet."

The memorandum includes detailed figures, first with LUTC as sole tenant, then with LUTC and another tenant, and using both "low" and "high" estimates for each figure involved, so as to give an idea of the results under all varieties of possible conditions. Net annual outlay is shown by taking the maintenance and operating cost and mortgage principal and interest (4½%) payments, less assumed rental from tenant or tenants.

For a 15,000 foot building designed

only to house NALU and LUTC, the "low" estimates give a net annual outlay of $11,197, while the "high" estimates give $21,333. Of the latter figure, $3,636 is due to assuming the mortgage will be paid off in 10 years, whereas under the "low" estimate a 20-year amortization is assumed.

"In computing the true cost—the amount of rent we should pay ourselves to break even—we must add depreciation on the building (but not on the land)," the committee points out. "The normal rate would be 2% of $6,000, which writes off the building in 50 years. At the same time, we must realize that that portion of the mortgage payment which goes into principal is not an expense but an investment."

NALU now pays about $18,000 a year rental, including electric current.

If it were further assumed that the NALU-LUTC space were cut to 9,600 feet (as against the 12,000 "ideal") and the building were put up with 18,000 gross feet (14,400 net), there would be 4,800 feet to rent to a non-LUTC tenant at $3 a foot, or $14,400 a year. On this basis the building would cost $360,000, the land $50,000, or a total of $410,000. Assuming cash available of $275,000, this would call for a $135,000 mortgage, which would pay itself off in 10 years or 20, according to how much of the rent was allocated to that purpose.

These assumptions as to tenant space and reduced space for NALU-LUTC would result in a net annual outlay for NALU, using the "low" estimate factors, of only $3,955. Using the "high" factors it would be $16,400. Of the latter amount, $6,545 is due to the higher annual cost of amortizing the mortgage in 10 years as against the 20-year basis contemplated with the "low" factors.

"The above figures, *exclusive* of payments on the mortgage, indicate a net cash annual income of $6,300 in the 'low' column and $400 in the 'high' column," the committee observes. "This would mean that we could 'pay ourselves' our present annual rental of $18,000 and have anywhere from $18,000 to $24,000 with which to amortize the $135,000 mortgage, which could be accomplished in six to nine years!"

Committee Recommendations

While mentioning the cost-saving possibilities in using 9,600 feet instead of the 12,000-foot "ideal" for NALU-LUTC, the committee expresses the hope that NALU will see its way clear for the 12,000-foot amount of space for the two organizations.

The committee concludes its memorandum with the following recommendations:

"1. That should we build for NALU use only, the amount of *cash* to be invested in our new building (not counting that required for furnishings and equipment, however) be limited to the cash on hand in the building fund.

"2. That unless the type of property finally selected happens to cost *less than* the amount on hand in the building fund, the entire amount be invested in the new building, and that NALU by appropriate action of its board, absorb as a charge against surplus the amounts which have been spent in the conduct of the building fund and which presently are carried as an account receivable.

"3. That NALU, in addition, contribute from its general funds such amounts as the board may determine, for the purchase of new furnishings and office equipment in connection with the new building, except as provided in recommendation 6 below.

"4. That, if necessary, in order to produce the type of structure and location desired, NALU should not hesitate to effect a mortgage for an amount not greater than the approximate present value of a 10-year lease with LUTC or other tenants (disregarding for this purpose the proportionate share of taxes and maintenance and operating costs properly chargeable to the space leased to LUTC or others and assuming that the gross income from LUTC or others can be applied in its entirety for 10 years to the amortization of the mortgage.)

"5. That, moreover, NALU should seriously consider erecting a structure larger than presently needed (20% to 33% larger than now required)—first, to provide a margin for expansion, and second, because such space may be expected to pay for itself in 10 to 20 years. For the construction of space above our own needs, NALU should not hesitate to effect a mortgage which can be paid off in full within 10 years by the total gross income which the rental space (including that leased to LUTC) may reasonably be expected to produce.

"6. The premise that NALU should borrow no more than can be paid off with rental income in 10 years implies (a) that NALU can and will pay cash for all space erected for its own occupancy and will borrow only for the construction of space to be rented; and (b) that having borrowed, NALU will apply its entire rental income to retiring its mortgage, and pay all taxes and expenses as current operating expenses.

"Always assuming, then, that NALU borrows no more than rentals will retire in 10 years, we recommend that *within that limit* NALU should not hesitate to use borrowed money to pay building fund expenses and the cost of needed new furniture and fixtures, as well as to pay for land and/or construction . . . thus conserving NALU's cash position."

The memorandum is signed by Charles E. Cleeton, Occidental of California, Los Angeles, chairman; Herbert A. Hedges, Equitable of Iowa, Kansas City; Julian S. Myrick, Mutual Life, New York City; Grant Taggart, California-Western States Life, Cowley, Wyo., and John D. Marsh, Lincoln National, Washington, D. C. All are past presidents except Mr. Marsh, who is a past vice-president.

Hancock Splits Ordinary, Other Policy Changes Made

(CONTINUED FROM PAGE 1)

issuing policies, handling loans, settling surrenders and death claims.

"Because of the numerous problems to be solved in connection with this program, it is planned to develop the actual decentralization over a period of several years and to initiate the program after the procedures have been thoroughly tested in various offices, Mr. Clark said.

Following are comparative average yearly net payments and net costs over the first 20 policy years per $1,000 sum assured in the new select ordinary policy. In the first table, average yearly net payments, premiums are reduced by annual dividends. In the second, average yearly net costs, premiums are reduced by annual dividends, settlement dividend and cash surrender value. (a) indicates minimum of $1,000, (b) minimum $3,000, (c) minimum $5,000, (d) minimum $7,500, and minus sign indicates return over cost. The dividends in the illustrations are not guaranteed but are based on current experience.

Average Yearly Net Payments

Age at Issue	15	25	35	45	55
Paid-up at 85	$	$	$	$	$
(a) present	13.01	16.04	21.44	30.54	47.58
(b) new	11.80	14.98	20.20	29.21	44.87
20-payment life					
(a) present	22.59	26.50	32.09	39.99	53.75
(b) new	21.20	25.24	30.68	38.66	51.34
20-yr. endowment					
(a) present	43.20	43.20	44.27	47.49	57.18
(b) new	41.40	41.61	42.66	46.17	54.96
Preferred risk					
(c) present	10.95	13.88	18.95	27.42	43.07
(d) new	10.62	13.68	18.75	26.82	41.30

Average Yearly Net Costs

Age at Issue	15	25	35	45	55
Paid-up at 85	$	$	$	$	$
(a) present	1.96	1.56	2.78	7.01	18.20
(b) new	—.27	—.58	.42	4.51	14.27
20-payment life					
(a) present	—.52	—1.41	—.99	1.84	11.21
(b) new	—2.94	—3.75	—3.53	—.66	7.58
20-yr. endowment					
(a) present	—6.80	—6.80	—5.73	—2.51	7.18
(b) new	—9.62	—9.47	—8.46	—5.01	3.73
Preferred risk					
(c) present	—.08	—.55	.41	4.23	15.13
(d) new	—.70	—1.14	—.29	3.03	12.65

Urge NAIC Action on Credit Cover Guides

(CONTINUED FROM PAGE 1)

lateral security, the debtor should have the right to furnish as security an existing policy or to obtain coverage through any insurer licensed within a state.

It should be required that policies be issued through licensed agents, and provision made for the issuance of limited licenses to representatives of lenders.

To insure equitable treatment, all claims should be filed with and investigated by the company and settled strictly in accordance with policy provisions.

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Mr. Cade said charges also have been made that rates for credit insurance are too high and that commissions are excessive, leading to the suggestion there is a real need for rate regulation. He said he believes these charges came about because of cases where the amount of insurance was in excess of the amount of indebtedness, accounting for the high premiums and excessive commissions. Adoption of the foregoing principles would overcome these objections, he said. Abuses existing in the handling of claims made possible practices leading to excessive commission payments, and this too will be met by the above principles, he said.

Statements also were presented by Alfred Guertin, actuary of American Life Convention, both for ALC and Life Insurance Assn. of America; W. P. Baskin, general counsel of Estate Life and State Capitol Life of South Carolina; Edward Dunbar, for Beneficial Commercial Management, which manages 800 loan offices in 41 states and Canada; Paul F. Boyer of the Chicago law firm of Hubachak & Kelly, counsel for Household Finance Corp.; Robert Rydman, associate counsel for H&A Underwriters Conference, and Frank Cain, Dallas attorney.

Referring to regulation of rates, Mr. Guertin said such a move in the long run would be disadvantageous both to companies and policyholders and is opposed strenuously. Pyramiding and other alleged abuses would not be corrected by rate regulation, he said. Rates have to take into consideration there is a different price structure for individual and group credit coverages. A high rate would accomplish nothing, whereas a low one would make it difficult to place the coverage through the lender. He said he knows of no company sentiment against the latter marketing procedure.

The problem is one that extends beyond the commissioner's domain, Mr. Guertin said. Because it involves the supervision of lending agencies, he suggested the various abuses could be attacked more effectively through strengthening of small loan laws.

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The prepared statements were pushed aside when an Idaho department staff member took out an advertisement that had appeared in his state offering in connection with a small loan credit life at no extra cost. When he asked how this could be done, Mr. Dunbar popped up from the gallery and identified the ad as one used by his organization. He said his company makes credit insurance available at no cost in certain states and charges for it in other states where that is permitted. He added, however, that no charge is made for the coverage in some of the states where this could be done because of competitive circumstances. This evoked several questions as to how Beneficial Commercial decides what procedure it is to follow.

Mr. Dunbar pointed out that several factors are considered, including the permissible interest rate. He said when coverage is made available at no cost the loan is covered under a group contract for which Beneficial Commercial pays a 50 cent rate. When the coverage is sold, it is done so individually and the rate is $1. Some questioners wondered if the organization would be guilty of rebating where no charge is made for the coverage, and others wanted to know why borrowers in their states insured under individual contracts could not have the lower rate made available to them.

Commissioner Wells of Indiana said he considers the interest rate in his state high enough to enable lending companies to avail themselves of additional protection through credit insurance. He said he doesn't consider no-cost coverage a rebate, as the lender actually isn't giving it away. It is providing both itself and the borrower additional protection.

Mr. Dunbar, in response to a query, said his company makes no identifiable charge for the coverage in states where it is made available free. It is considered a business expense. There are states though, he said, where the allowable interest rate is so low his company cannot offer the coverage.

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Mr. Dunbar said borrowers seem satisfied with the coverage his company makes available. Because there is expense in handling such insurance, he said he thinks lenders should be able to sell it in all states and receive a commission to cover the processing cost. He endorsed the guiding principles drawn up by the subcommittee last November, suggesting the addition of a recommendation that small loan laws be passed in states that do not now have them.

Mr. Boyer reiterated the Household Finance Corp. stand that was presented at four previous subcommittee meetings, that the uniform small loan law now in 34 states forbids imposition of extra charges upon borrowers. Any regulations drawn up by the committee should not purport to change relationships existing between the borrower or lender, he said. The statement which Household made at the committee's meeting last November quoted the following portion of the new group disability law in Illinois: "Nothing in this article validates any charge or prac-

tice illegal under any rule of law or regulation governing usury, small loans, retail installment sales, or the like, or extends the application of any such rule of law or regulation to any transaction not otherwise subject thereto."

Since then, Mr. Boyer said, the same language has been inserted in the new Arizona insurance code and Commissioner Fischer of Iowa, in a recent bulletin, noted chattel loan companies are prohibited "from soliciting or otherwise engaging in any other type of business in conjunction with its loan transactions."

Mr. Baskin cautioned the committee that establishment of detailed rules to be applied nationally might provide an entering wedge for federal regulation of the business. State regulation presently is being strengthened and is adequate in many jurisdictions, he said. He said he had no objection to a set of guiding principles similar to those drawn up at the November meeting.

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Commissioner Sullivan interjected that the subcommittee recognizes that any rules drawn up merely would be recommendations.

Frank Cain, Dallas attorney who represents several consumer credit organizations, mentioned there are hundreds of thousands of daily credit transactions and each is a potential complaint. He considers the number of abuses infinitesimal, and labeled the credit insurance industry "one of the cleanest in America." He suggested the commissioners direct their attention "to fraudulent advertising which indicates credit insurance is being 'given away' ".

Commissioner Murphy of South Carolina wanted to know if the companies themselves couldn't eliminate pyramiding by checking their agents. Using his own company as an example, Mr. Cade said he did not think this would be possible. Old Republic wrote more than two million policies last year and as a result has to rely on its agents to certify the amount of insurance is the same as that of a loan. If NAIC would establish guiding principles, the industry then could employ them to do its own policing, and short of rate regulation.

Answering another query, both Messrs. Guertin and Cade said the companies would not object to the requirement that they file rates with the states. It is rate regulation that is opposed, they said. Mr. Cade said he actually would recommend that rates be filed.

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The H&A Underwriters Conference statement observed there is no need for national credit insurance regulation which will be applied in greatly different circumstances. Before a state attempts by legislation to clarify what should be done, it first should be certain small loan legislation is adequate Besides stifling competition, the statement said rate regulation would seriously limit progress and thereby be detrimental to the public. It was noted that rate regulation in Texas has not lessened the problem there to any great degree.

Before turning the session on reserves over to William J. Davey, chief examiner of the Indiana department who presided, Commissioner Sullivan introduced Commissioner Murphy, the NAIC president, who told of receiving a letter from Senator Langer in which he asked for information on credit life and A&H in relation to small loans. Mr. Murphy asked that the problem of appropriate regulation of these coverages be given serious attention to forestall chances of federal intervention.

In another prepared statement, CCIA said there is no evidence to indicate companies writing credit coverages have failed to maintain the amounts required by statute. There is a high degree of uniformity in these statutes and over a period of years the reserve requirements have proved adequate. As long as companies comply with the statutory requirements, no additional regulation is warranted.

Mr. Guertin said the laws of all states establish bases for reserves, and the problem is more one of arriving at some method of embodying ease of computation. He advised the committee report that states do require minimum amounts and suggest that details can be handled at the local level.

The CCIA statement was endorsed by Alfred Pike of Life Insurance Assn. of America and Cecil Woods, president of Volunteer State Life of Tennessee. Should NAIC decide to use an individual case basis for reserves, Mr. Woods said the cost to the industry would increase dangerously.

H&A Underwriters Conference in its statement said reserve requirements are clearly spelled out in state statutes and, if there are exceptions, it would seem the jurisdiction involved rather than the committee should take action.

A set of proposed minimum standards prepared by Mr. Davey was given industry representatives for their consideration.

N. Y. Employers Sue for Repayment of Reserves

(CONTINUED FROM PAGE 2)

1952 and is no longer subject to assessment. They collected another $7 million in reserves during 1953, though that is still subject to possible assessment for the special fund.

Plaintiffs state that self-insurers have not been required to pay any money for assessments until the assessment actually was levied, but the employer who provides DBL through insurance and changes to self-insurance would be subject to double taxation. As a self-insurer he would be required to pay future assessments to the WC board and he will have paid reserves for such assessments in advance to the insurer by way of the special-loading in the rate for such reserves. New covered employers and self-insurers changing to insurance thus are subject to a smaller loading.

An oddity in the situation is that the insurance department fixes the percentage by which the insurers are to increase their liability to provide reserves for possible assessments. This was eight hundredths of 1% of covered payrolls in 1952 and five hundredths of 1% in 1953.

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Insurers and the department have been studying the problem of the reserves and their handling for some time. The department ordinarily fixes the rate for reserve accumulation in May each year, and it had planned a conference this May with insurers, producers, employers, employes, etc. before fixing the rate for 1954.

It has been the feeling of the department that current favorable employment rates may not continue indefinitely and wide fluctuations in number of persons employed are possible and often sudden. Consequently it has believed that the reserve should make advance provision for unusual losses in any one year to permit annual premium charges to be equalized.

It is understood that some employers have been able to take down at least some of these reserves through retrospective plans of various kinds, and insurers are reported to be interested in getting several troublesome points in the situation cleared up. It is said that there will be no assessment this year by the WC board.

In addition to the suits filed against insurers writing compulsory disability benefits cover in New York to recover for insured the reserves set up to pay sick unemployed, counsel of several CIO and AFL unions, H. E. Cooper, has asked Superintendent Bohlinger of the insurance department to act to reduce the accumulation of such reserves by insurers. Since the reserves have been accumulated under department ruling in amounts set by the department, it could act to halt accumulation of these special reserves at any time. However, the department may also consider asking a return to insured of reserves already collected, or part of them.

Late News Bulletins . . .

Mutual Names Shallenberger, Jones, Brower

Mutual of New York has appointed Robert U. Shallenberger director of A&S sales, succeeding Wesley J. A. Jones, who is joining the field training staff as training assistant. Paul Brower has joined the company as underwriting specialist.

Mr. Shallenberger was an agent before joining Mutual in 1953. Mr. Brower, in private law practice before entering the army, later became editor of Prentice-Hall's insurance and tax news letter, and has had two years' insurance company experience.

Efficiency Saving $253 Million a Year

NEW YORK—Through greater efficiency life companies are saving some $253 million a year and are enjoying a production equivalent to the work of 84,000 more employes measured by 1945 standards, Frank L. Rowland, managing director of Life Office Management Assn., declared at the silver anniversary dinner of Office Executives Assn. of New York. He said that per worker, $1,887,800 worth of business was serviced in 1945, compared with $2,645,000 in 1953, an increase of 71.4%. Increasing use of electronic equipment would mean even a greater advance, he added.

Investment Income Not Subject to N. Y. C. Tax

NEW YORK—Insurers are not subject to tax on their investment income under the New York City general business and financial tax law, the appellate division of the New York supreme court has ruled in reversing the New York City controller's ruling that insurance companies are liable for the tax. It was a test case, involving American Surety, but applicable to all types of insurers. Life Insurance Assn. of America filed an amicus curiae brief urging the invalidity of the tax on investment income of all classes of companies. The court held the tax to be invalid in its entirety and rejected the city's contention that investment income was not "income from the business of insurance."

The controller had also tried to maintain that if income from investments were not taxable at the financial rate it was taxable at the general business tax rate. The court turned down both arguments. The dispute dates back to 1950, when the controller made his ruling, which was without benefit of any amendment to the state enabling act, local law, or his own regulations.

Assn. of Casualty & Surety Companies retained counsel to litigate the case on behalf of its members. The tax was assessed on the basis of a formula reflecting the ratio of the company's New York City payroll, premium receipts and property to total payroll, premiums and property. The New York City premium tax, in effect some 20 years, was not involved in the suit.

Chicago Managers Elect Hunken, Hear John Lloyd

Henry C. Hunken of Connecticut Mutual Life was named president of Chicago Life Agency Managers this week to succeed Elmer J. Grandson of Union Central Life. Other officers are: Vice-president, Albert J. Zern, Northwestern National; secretary-treasurer, Charles T. Rothermel, Jr., John Hancock.

The meeting and its speaker, John A. Lloyd, vice-president of Union Central Life, brought out a record attendance, including practically the whole Chicago staff of American Life Convention and Commissioners Navarre and Sheehan of Michigan and Minnesota, respectively, and Superintendent Robinson of Ohio, who were in the city at the time.

Mr. Lloyd, in an eloquent but down-to-earth address, said he was preaching the old-fashioned gospel of life insurance in an old-fashioned way. He proved his point—by giving several examples of the use of life insurance dollars—"That never in all human history has any business served its customers and the public generally so well as life insurance."

EDWARD C. KLINGHOLZ, 79, former Indianapolis manager of National L. & A., died in his home there after several months' illness. He was Indianapolis manager for 30 years before going to Paducah, Ky., to head the office there. He retired and returned to Indianapolis 14 years ago.

HENRY E. KLUGH, 80, a retired national director of Woodmen of the World of Omaha, died at Harrisburg, Pa., after an illness of several months. With the organization for more than 50 years, Mr. Klugh was a former president of the Philadelphia camp. He served as a director from 1935 to 1953.

C. EUGENE TULLY, 76, retired assisant secretary of Metropolitan, died in Rye, N. Y. after a brief illness. He joined the company in 1899 as a bookkeeper, and in 1923 was named assistant secretary.

WILLIAM A. TIDWELL, 67, who led State Mutual's field force in paid lives every year but one since 1936, died in Cicero, Ind.

• The new revenue act was discussed at the April meeting of *Milwaukee Life Managers & General Agents Assn.* by Ralph J. Drought, Milwaukee attorney. The next meeting will be held in conjunction with the Wisconsin sales congress in Madison May 20-21.

Keep Your Agents Sold On You

It is just as important to keep your present agency force satisfied, loyal, enthusiastic and in steady production as it is to be searching constantly for new agents, most of whom take some time before they become regular and dependable producers.

It is always the established and experienced staff of agents, those who have been with a company five, 10 or 15 years, that must be relied upon to write the bulk of any company's business. In fact, if a company could be certain of retaining indefinitely all of its agents of this type, its business production worries would be noticeably reduced. It would be certain of a steady flow of premiums.

One of the basic and most important reasons for advertising in The National Underwriter is to keep the agents that you have now sold on your company, sold on what you have done for them in the past and intend to do in the future. The agents that keep a company going are those that are active and operating now, not those that the company hopes or expects to appoint some day.

Agents are unlikely to maintain the desired spirit of loyalty and enthusiasm toward a company which does not advertise itself, whose name they seldom see mentioned, and which because of an undeveloped publicity sense, seems almost determined to keep itself out of the public eye. Any agent likes to feel that he is representing a successful, going, known and well-liked company.

One certain way of getting your own company into that classification is to advertise it on a regular basis in The National Underwriter, the leading weekly insurance newspaper.

The NATIONAL UNDERWRITER

Largest Circulation of Any Weekly Insurance Newspaper

AUDITED PAID CIRCULATION ABC

Number thirteen of a series

*N*ERVOUS ANXIETY tingled through his fingers as he twisted out another cigarette in the littered tray. His complacent self-assurance could no longer resist the tension of waiting. Then the door opened—and his doubts and uncertainties suddenly robbed him of words to say next when facing his customer across the desk.

Too often, men falter on the threshold of an important business assignment simply because they lack the initial training the job requires. And because this training can be a very real factor in determining your rate of progress, it should be a major job consideration.

A good reason for you to look into the accelerated training program provided by The Union Central Life Insurance Company. Under the personal supervision of men vitally interested in your success, you gain a thorough understanding of life insurance, its applications and particularly the special skills you need to sell it. And regular sales meetings constantly alert you to new and effective selling methods. In addition, the Company provides advanced training facilities that can lead to a professional degree awarded by the American College of Life Underwriters. This is the kind of cooperation you can expect from The Union Central—the company that has developed many of the nation's leading life underwriters earning more than $25,000 a year!

But thorough training is just one of The Union Central's seven major job benefits. Other considerations include choice of location, research-tested working tools, opportunity for steady advancement, sound earnings plus liberal retirement and pension plans, stable employment that does not rely on business conditions, and scientific aptitude testing that aids you in determining which job is best for you.

Yes, The Union Central—with its policies that take care of every life insurance need from birth to age 70—can open your door to independence, security and self-satisfaction. To get all the facts, drop us a line and we'll be glad to arrange an interview at one of our local offices near you.

THE UNION CENTRAL LIFE INSURANCE COMPANY
CINCINNATI 2, OHIO

THIRD in a series designed to be of service to young men contemplating a life insurance career. These advertisements appear in magazines and life insurance trade press where young men are likely to look for information about companies and job opportunities.